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Some Reflections on Change

Sir Patrick Nairne GCB MC

Sir Patrick Nairne was Permanent Secretary of the Department of Health & Social Security between 1975 and 1981. He is now the Master of St. Catherine's College, Oxford.

Change is the bread of life in Whitehall – essential to the health and vitality of government. The efficient handling of change is central to the work of the administrative civil servant; in more than thirty years of service I have seen, and often assisted at, many changes in policies, programmes and people. Those changes have been matched, and sometimes caused by, changes in the environment of government: the circumstances of today may not be more exacting than those of the immediate post-war years, but the economic, technological and international aspects are more complex. Have there also been changes in the attitudes and practices of administrative civil servants? Is the Civil Service – from which I retired last July – different from the Civil Service that I joined in December 1947?

These sound like easy questions, but they are not. When young and at the bottom of the heap, one can be deceived by the worm's eye view. When at the top, with some responsibility for what has been done, it is easy to make greater claims for change than the facts justify. And memories fade.

An Admiralty beginning

The first of my memories is of a tall narrow room, with a coal fire burning, in which I spent my early days in December 1947 as an Assistant Principal in the Admiralty. The Principal, whose room it was, used to come downstairs in a leisurely way about a quarter to ten, occasionally explaining that his night as a Resident Clerk had been disturbed by naval signals or Foreign Office telegrams; one of his junior colleagues was an elderly Executive Officer who talked of the days when he was paid with golden sovereigns. That Principal's room – but without its coal fire – belonged to the Civil Service Department, which took over the Admiralty building when the re-organisation of departments in the 1960s caused a 'general post' in accommodation. In my latter years I came regularly to the CSD and to the office of the former Head of the Civil Service, and I used to reflect that that office was the room which David Beatty had occupied as Naval Secretary

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to Winston Churchill. It had a connecting door with the room of the former First Lords of the Admiralty; as the Admiralty Principal on the Middle East desk, I was present in that room while the then First Sea Lord, Earl Mountbatten of Burma, outlined to the First Lord the dispositions of the Fleet on the morning after President Nasser announced the nationalisation of the Suez Canal in July 1956.

Pressures in government

Recollections of the Suez Crisis underline what has certainly not changed – the pressures of crisis in government. When asked what had worried him most during his time as Prime Minister, Harold Macmillan is reported to have replied: 'Events'. The Services departments were under severe strain from events during the summer and autumn of 1956; but so they have often been. I had my own first experience only a few months after I joined the Admiralty; in the summer of 1948 I feared that I might have to postpone my leave after my wedding because of extra and urgent work created for my branch by the Soviet blockade of Berlin. There was nothing special about the Services departments. When many years later I joined the Department of Health and Social Security, I learned from Jennie Lee's book, *My Life with Nye,* that in the same year of 1948 Nye Bevan was seriously worried by the strains in the Ministry of Health and Housing, and by the extent to which the tasks of the post-war housing programme and the launching of the National Health Service were over-taxing his senior civil servants.

Civil servants have a way of thinking that departmental life is more exacting and exhausting today than it used to be, and that the kitchen is hottest in their own department. There is ample evidence to contradict that. There have always been testing periods, and for all departments: for example, the launching and the climax of a major policy initiative; a protracted round of international negotiations; the tight timetable of a bill; or some sudden departmental crisis hitting the newspaper headlines. They afflict the civil servant like a sharp attack of 'flu or sciatica – putting him out of action for all other business and requiring a period of recovery when things have been returned to normal.

For the Permanent Secretary, on the other hand, the pressures are different – for the most part less acute, but heavy and unremitting except for a few weeks in the Summer recess. It was the steady stride of the long distance runner that marked the Secretary of the Admiralty when I came to observe him at closer quarters. A Permanent Secretary had to handle daily a constant flow of memoranda, submissions, and letters, usually by working late with a bag of papers. He must be selective in what he chooses to do, but he cannot be too selective in what he allows himself to see. He is

like a batsman who is always at the crease and can never take his eye off the ball. He can let some balls go past the wicket; on many he has to offer a shot, if only by a word on the telephone; on a few he must use his bat effectively and score some runs – calling a meeting perhaps or chipping in with advice or taking a policy initiative of his own.

Only a few at the top of a department can have a coherent view of the department's tasks as a whole: there is no change in the way that, today as in the past, a Minister must be able to look to his Permanent Secretary to keep in touch with all the major policy issues of the department, and to watch over progress towards the department's political objectives.

No less unchanging is the vigilance of the Permanent Secretary as Accounting Officer. The wider approach of the Committee of Public Accounts, and the greater scale and complexity of government expenditure, have increased his task of responding to critical reports by the Comptroller and Auditor General and preparing to give evidence to the PAC. And, in my own experience, more frequent appearances before Committees of the House do not diminish the personal strain that critical Members of Parliament can impose on a senior civil servant. Old Admiralty men recall Samuel Pepys's Diary for the 22nd October 1667:

> '22 October. Slept but ill all the last part of the night, for fear of this day's success in Parliament: therefore up, and all of us all the morning close till almost two o'clock, collecting all we had to say and had done from the beginning touching the safety of the River Medway and Chatham. And having done this and put it into order we away, I not having time to eat my dinner.....We come to the Parliament-door, and there, after a little waiting till the Committee was sat, we were, the House being very full, called in.....I had a chair brought me to lean my books upon and so did give them such an account, in a series of the whole business that had passed the Office touching the matter, and so answered all questions given me about it, that I did not perceive but they were fully satisfied with me and the business as to our Office. My discourse held till within an hour after candle-light, for I had candles brought in to read my papers by.....At last the House dismissed us, and my cozen Pepys did come out and joy me in my acquitting myself so well, and so did several others; and my fellow-officers all very brisk to see themselves so well acquitted, which makes me a little proud. So, with our hearts very light, Sir W Pen and I in his coach home, it being now near eight o'clock and so to the office, and did a little business by the post, and so home, hungry, and eat a good supper; and so, with my mind well at ease, to bed.....'

Accountability to ministers

That extract illustrates a timeless factor conditioning the way of working of civil servants – and as important as ever. A Permanent Secretary is accountable, not to Parliament but to his minister, as was Samuel Pepys to the Lord High Admiral. But the Minister, and the Permanent Secretary and the department under him, can never forget that they have to account to Parliament, sometimes at the shortest notice, for any matter – and especially for any matter that has gone wrong – for which they are responsible. This primary aim of every government must always be the successful discharge of its tasks and functions in a way that carries the support of its own back-benchers in Parliament – a sweeping statement covering all that the government seeks to do, or has to do, within its political policies at home and abroad. Whatever the government does must be capable of instant justification even if it cannot command immediate applause. I foresee no change in what will continue to be the first priority of ministers and civil servants: to apply, in constructive and close partnership, the political and administrative judgment and skills required to secure Cabinet endorsement of their departmental policy proposals; to translate those proposals into legislation and regulations or other measures that secure the assent of Parliament; and to handle effectively their public presentation.

And this has to be done not only in more complex economic, technical and international circumstances, but also under more testing political conditions than those of thirty years ago. The impact of Parliament is sharper through the establishment of more effective Select Committees and because of a greater resistance by back-benchers to the discipline of the Whips. There has been an ever-rising tide of parliamentary correspondence as the functions of government have been extended. The pressure groups outside government have continued to grow. These developments have enhanced the importance of the traditional skills of administrative civil servants.

Ministers today place as high a value as ministers of thirty years ago on the administrative capacity described by Lord Bridges in his Rede Lecture of 1950:

> '.....there is the special technique of the skilled administrator – perhaps it should be called an art – the man or woman who may indeed possess a special knowledge in several fields, but who would be a good adviser in any field because he or she knows how and where to go to find reliable knowledge, can assess the expertise of others at its true worth, can spot the strong and weak points in any situation at short notice, and can advise how to handle a complex situation.'

It was, I believe, this kind of administrative capacity which Michael Heseltine had in mind in two of his answers about senior civil servants in the BBC radio series of 1981, *No Minister:*

> 'Their job is to give him (the minister) advice, the best that they can. That advice is by nature going to be cautious, and I would guess that in the vast majority of cases, it is the right advice. .....They (civil servants) are cautious people because the degree of criticism for failure is enormous and the credit for success a great deal less in public administration. .....It isn't often that you present them with something that has not been put in front of them before and they feel a great loyalty to their own service and to the politician (they serve) .....not to let that politician get himself into a ludicrous situation.'

The shift in approach and style

Does this add up to a routine, and reactionary, case for the continuing value of the generalist in Whitehall? Are the priorities and practices of the Civil Service administrator unchanged in spite of the recommended reforms of the Fulton Report* and the unceasing criticism of government bureaucracy?

The answer is a qualified 'No'. So long as the conduct of Cabinet government and the accountability of ministers to Parliament remain fundamentally unchanged, the central role of administrative civil servants in support of, and in partnership with, Ministers will remain fundamentally unchanged. But there have been important changes in other respects. The increased complexity of government co-ordination as a consequence chiefly of economical constraints and European Community membership, the pressure for more open government, and above all the demands of more efficient management, have led to changes in attitudes, organisation, style and practice.

First, at the top of at least the large departments, there has had to be a change in the way in which the Permanent Secretary discharges his own responsibilities. There is nothing new in his having to strike the best balance he can between his three principal functions of advising on, and watching over, policy, overseeing the organisation and management of the department, and discharging his personal responsibilities as Accounting Officer. But the character of the balance has had to alter. The Accounting Officer's responsibilities are, to say the least, no less; but the management functions have increased at the expense of the policy role.

The Permanent Secretary must, as I have said, keep a supervisory eye on the policy scene and strategy as a whole; but he himself can no longer be an indispensable source of policy advice to ministers on all major issues. He will usually attend all the most important policy meetings held by his

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**The Civil Service,* eleventh report from the House of Commons Expenditure Committee, HMSO, HC 533, 1976–77, 3 vols

Secretary of State – and, when there are divided views, his voice may be decisive; but for individual policy submissions and day-to-day advice on policy matters the Minister will expect to reply primarily on the Deputy Secretary or Under Secretary directly concerned.

This may be primarily a change of degree, but it is accompanied by a change of style. In the Admiralty of thirty years ago day-to-day policy business was dealt with in a more formal and, for the most part, more leisurely way than is the practice in the upper reaches of Whitehall today. Views and advice were minuted on files known as dockets which, when policy proposals were complicated or controversial, could often circulate between naval and civilian branches for many months before, eventually, the co-ordinating civilian branch was able to make what was known as a Board submission to the Board of Admiralty. The docket would move upwards on submission, sometimes through several Under Secretaries and the Secretary of the Admiralty (and sometimes the single Deputy Secretary as well) before being minuted by two or sometimes three naval members of the Board and ultimately reaching a junior minister or the First Lord of the Admiralty himself.

The traditional character of this punctilious process was marked by the green ink and red ink exclusively reserved for the minutes of the First Sea Lord and First Lord respectively. The process could be speeded up for more urgent business by placing the docket in a yellow 'jacket', and it had the advantage of exposing the arguments at every level to those at the top. It also made possible the occasional moment of glory for the junior civil servant, illustrated by the story of Lord Curzon as Foreign Secretary who, attracted by the advice of a junior official on a bulky file submitted to him, wrote:

> 'I prefer the advice of the man with a signature like an umbrella handle.'

Ministers today sometimes complain that the arguments within departments are concealed from them because the pace of business, and the growth in the size of many departments, have led to their being spared the to and fro on paper within a department, or between departments, which precedes an orderly submission put forward by an Under Secretary or Assistant Secretary. And the policy processes have been enriched by other factors: the greater range of expertise within departments and the fuller role of professional civil servants. The creation of the Open Structure, and the establishment of a more equal partnership between the administrative and professional civil servants, have improved the quality of advice to government, but they have also increased the number of voices to be heard and helped to force upon Whitehall more rapid ways of dealing with policy papers.

The management of policy

These factors have reinforced a change towards a more managerial style of conducting policy business, based on a more effective analysis of resource factors, and also towards a more positive and dynamic approach to government by the Civil Service.

In September 1963, in one of the recurrent bursts of criticism of the Civil Service, Professor Brian Chapman wrote in *The Sunday Times* that 'by long tradition the role of the Civil Service has been passive rather than active'. It has certainly been the instinct and practice of civil servants to defend their Ministers and to safeguard the tax payer, and this has fostered defensive and cautious attitudes – as Michael Heseltine's remark in *No Minister* bore out. Finance and establishment branches have traditionally displayed their virility by questioning critically any proposals to increase expenditure and staffs. And, on the wider policy front, I have always been conscious of a tension in the Service between the role of the judge and the role of the leader – or perhaps between the yogi and the commissar. Robert McNamara, writing at the end of the 1960s about his experience in U.S. government, put it well —

> 'I think that the role of a public manager is very similar to the role of a private manager ..... He can either act as a judge or a leader. In the former case, he sits and waits until subordinates bring to him problems for solution, or alternatives for choice. In the latter case, he immerses himself in the operation of the business or the governmental activity, examines the problems, the objectives, the alternative courses of action, chooses among them, and leads the organisation to their accomplishment. In the one case, it's a passive role; in the other case, an active role. ....'

There was certainly a higher proportion of more passive and judicial administrators in my earlier years – 'no objection' men as distinct from positive promoters of the project or proposal under consideration. There were some worthy exceptions, probably stimulated by the experience of the war years on which Lord Franks, as a former Permanent Secretary of the Ministry of Supply, drew in a reflective lecture of as long ago as 1947 —

> 'Every administrative official in the ..... Ministry of Supply, if he was to pull his weight in the management of the affairs of the Ministry, had to take some executive responsibility for the policies he devised or received from his superiors. Once he was clear about what in general was desirable, he would normally go on to find out, through enquiry, consultations, and meetings of experts, what was practicable in the circumstances,

> establishing the main heads of a workable scheme and identifying the agents, whether members of the Civil Service or the public, who were to carry out the several parts of the scheme ..... The administrative civil servant therefore needed, to make a success of his job, much more than analytical power and the ability to make proposals based on an analysis of the situation. He had to take a line, expound it, persuade and convince. He had to have a keen sense of what was practicable and of timing. He had to have the strength of will to take responsibility and not lay it down until finally policies and plans had been translated into facts.'

What Lord Franks was saying, and what the circumstances of government today have reinforced, is that the tasks of formulating and implementing ministerial policies require active managerial skills no less important, though of a different character, than the tasks of running departments themselves.

The concept of management

The concept of Civil Service 'management' as understood today had not been developed when I joined the Service. A Select Committee report of 1946 on Organisation and Methods was an early milestone on the management road. Government departments, and in particular establishment divisions; were as closely concerned as Whitehall today with the size of the Civil Service and 'the numbers game'; but in the 1950s O and M was still regarded with suspicion as a radical new technique, to be introduced only to consenting adults; management services had not been developed in their present form; and the computer era lay many years ahead. The Civil Service had its managers; but 'management' had not yet arrived.

The key year was twenty years ago – 1961, the year of the Plowden Report on the *Control of Public Expenditure** which defined 'management' more widely than in the past, as including

> 'the preparation of material on which decisions are taken; the technical efficiency with which large operations of administration are carried out; the cost-consciousness of staff at all levels; the provision of special skills and services (scientific, statistical, accountancy, O and M etc.) for handling particular problems, and the awareness and effectiveness with which these are used; the training and selection of men and women for posts at each level of responsibility.'

*HMSO 1961, Cmnd 1432, 5 vols

It was significant that 1961 was also the year of a notable observation by Sir James Dunnett, one of the younger Permanent Secretaries, in a RIPA lecture—

> 'There is, I think, a tendency for the administrator to look at himself rather too exclusively as the man who advises the Minister on policy. I sometimes detect a view that quasi-diplomatic work is at the top of the scale so far as administrative work is concerned and that more mundane tasks such as formulating and carrying out a road programme are what the Greeks would have called *'banausos'*, rather below the dignity of a gentleman. But I think we have got to face the fact that increasingly government departments are doing much more than merely advising ministers. Many of them are, in effect, running big businesses.'

The big businesses continued to grow bigger; and it was the report of the Fulton Royal Commission which sought to drive the lesson of management home.

> 'Four aspects ..... make up the total management task of the Civil Service:
> (a) formulation of policy under political direction
> (b) creating the 'machinery' for implementation of policy
> (c) operation of the administrative machine
> (d) accountability to Parliament and the public.'

That is a definition that effectively covers all the functions for which a Permanent Secretary carries responsibility. In a department of the scale and character of the Northern Ireland Office he is bound to have a close personal hand in the 'formulation of policy under political direction'; in a larger conglomerate such as the DHSS, it no less clearly falls to the Permanent Secretary to give a high personal priority to the function at (b), (c) and (d).

Developments in management

It is the efficiency of the Civil Service performance at (c) which has in recent years been under sharper parliamentary and public scrutiny than ever before. The Civil Service has still further to go down the road to better operational and systems management; but the managerial advances have been substantial in the last twenty years. Central government is the largest user of computers in the country; and the computer complex at the Newcastle Central Office of the DHSS reflects the scale of one Department's investment over many years in modern technology. The use of management services to review the efficiency of operational functions is now normal practice. Managerial techniques are a routine part of Civil Service training.

What has changed in the last few years has been the personal attention given to better management by the Prime Minister and the Cabinet. It is the personal support of the Prime Minister which has given the authority and momentum to Sir Derek Rayner's striking contribution to the more efficient management of departments. The character of his programme of 'scrutinies', and the new dimension he has given to the oversight of managerial overheads and departmental running costs, would have been inconceivable in the 1940s and 1950s. The Government White Paper of July 1981 on *Efficiency in the Civil Service* (Cmnd 8293) illustrated the current scale of achievement and activity in management.

Change in perspective

All this adds up to significant change: but it needs to be put into perspective. The Rayner programme, timely and valuable as it is, will have a lasting impact on the management efficiency of the Civil Service; but it is unlikely to bring about a radical reform of its character and operation.

A convincing case has never been made out for a radical reform of that kind. Cabinet ministers will continue to give first priority to their political objectives, and to the policy programmes stemming from them – even though they are more concerned than in the past to keep a regular eye on the management costs of their departments. To that end their primary need will be the most efficient support they can get in the policy field from their administrative and professional colleagues.

Political objectives and management requirements may sometimes conflict. The priority that successive Cabinets have given to cutting Civil Service numbers can be an obstacle to greater management efficiency when – for example, in Inland Revenue and the DHSS – the effective deployment of more (not less) staff could increase revenue or reduce wasteful expenditure. And, as Sir Kenneth Clucas remarked in January 1982 in his RIPA lecture, *Parliament and the Civil Service*—

> '...the more possible it is in any area of work to set an attainable objective, and realistically allocate a budget to it, the further this is likely to be from current political interest and sensitivity.'

While it is essential for Permanent Secretaries to give more time personally to management functions, they are always conscious that their departments do not exist for their own sake. Civil servants should be more cost-conscious and active in pursuit of administrative savings; but the way in which, under ministers, they formulate, plan, carry through the Cabinet and Parliament, and then implement, Government policies costing perhaps many billion pounds a year in total has to remain at the top of their scale of priorities.

In the past the Civil Service role of policy advice to ministers received too much emphasis at the expense of its management functions; but it would be wrong to try and tip the balance too far in the other direction. The reports of the Public Accounts Committee bear witness to this. Their criticisms and recommendations – for example, about expenditure in the National Health Service and the responsibilities towards the Service of the DHSS – reflect the view that decisions which Ministers take, and their departments implement, on policy matters and operational or service functions in the wider public sector are usually far more significant in terms of cost and resources than the scale of staffs employed within departments themselves.

A summing up

It comes to this. Looking back over thirty years or so of working in Whitehall, I do not need to highlight the change from, put broadly, a virtually exclusive establishment branch concern with staff organisation and complements to the wide-ranging managerial pre-occupations of the present. The changing factors in the environment of government have underlined the more specific pressures from Plowden to Rayner. To adapt Lord Harcourt's remark about socialism, we are all managers now.

But management must, as the Fulton Report itself made clear; mean first of all the management of policy business under the political direction of ministers. That task has not changed, even though techniques and terms of art have altered; and, within our continuing system of Cabinet and parliamentary government, it will require of administrative civil servants an unchanging role of partnership with Ministers – no less exacting, sometimes more so, than in the past – based on their expertise, the quality of their judgment, and their skills of exposition and drafting.

Here certainly it is a matter of *plus ça change*..... And, as a suitable ending to these casual reflections, here too is an example of *la même chose* – from a chapter on 'Officialdom' published by the Hon. G W E Russell in the *Manchester Guardian* towards the end of the last century—

> 'Twelve is the usual hour for the meeting of the Cabinet, and the business is generally over by two. At the Cabinets held during November the legislative programme for next session is settled, and the preparation of each measure is assigned to a sub-committee of ministers specially conversant with the subject-matter. Lord Salisbury holds his Cabinets at the Foreign Office; but the old place of meeting was the official residence of the First Lord of the Treasury at 10 Downing Street, in a pillared room looking over the Horse Guards Parade, and hung with portraits of departed First Lords.

'In theory, of course, the proceedings of the Cabinet are absolutely secret. The Privy Councillor's oath prohibits all disclosures. No record is kept of the business done. The door is guarded by vigilant attendants against possible eavesdroppers. The despatch-boxes which constantly circulate between Cabinet Ministers, carrying confidential matters, are locked with special keys, said to date from the administration of Mr. Pitt; and the possession of these keys constitutes admission into what Lord Beaconsfield called "the circles of high initiation". Yet in reality more leaks out than is supposed. In the Cabinet of 1880–5 the leakage to the press was systematic and continuous. Even Mr. Gladstone, the stiffest of sticklers for official reticence, held that a Cabinet Minister might impart his secrets to his wife and his Private Secretary. The wives of official men are not always as trustworthy as Mrs. Bucket in *Bleak House,* and some of the Private Secretaries in the Government of 1880 were little more than boys. Two members of that Cabinet were notorious for their free communications to the press, and it was often remarked that the *Birmingham Daily Post* was peculiarly well informed. A noble lord who held a high office, and who, though the most pompous, was not the wisest of mankind, was habitually a victim to a certain journalist of known enterprise who used to way-lay him outside Downing Street and accost him with jaunty confidence: "Well, Lord–, so you have settled on so-and-so after all?" The noble lord, astonished that the Cabinet's decision was already public property, would reply: "As you know so much, there can be no harm in telling the rest"; and the journalist, grinning like a dog, ran off to print the precious morsel in a special edition of the *Millbank Gazette.* Mr. Justin M'Carthy could, I believe, tell a curious story of a highly important piece of foreign intelligence communicated by a Minister to the *Daily News*; of a resulting question in the House of Commons; and of the same Minister's emphatic declaration that no effort should be wanting to trace this violator of official confidence and bring him to condign punishment.'

A Wider Role for Accountants

K H Hills

At the time of writing this article Keith Hills was a Principal in the Accountancy, Finance and Audit Unit of the Management and Personnel Office. He has since moved to join the staff of the Head of the Government Accountancy Service.

Introduction

The formation of an accountancy functional specialism on 1 July this year is an essential part of an overall policy to improve financial management in government. The new arrangements aim to make available sufficient staff with appropriate accountancy expertise (in addition to other skills) in order to bring about and sustain a number of developments in financial management. These developments will be the subject of a separate article in a future edition of this magazine. The following article explains the events which have led to the introduction of the specialism, what it is and how it is expected to operate.

The functional specialism will be a defined group of posts requiring specialised accountancy training and experience. Some of the posts will need to be filled by staff with a professional accountancy qualification and the remainder will need a high level of accountancy expertise although not necessarily a professional qualification. Staff filling posts within the specialism will normally be members of the Government Accountancy Service (GAS) and it follows that the GAS will comprise professionally qualified staff and staff who have acquired accountancy skills either by means of other formal training, or by relevant practical experience of accountancy work.

Background

For many years there has been criticism of the lack of use of accountants in central government. In 1968 the Fulton Report* specifically mentioned accountants and the following extract succinctly sets the scene:

> 'Present practice in the Civil Service severely restricts the role of the Accountant Class and excludes its members from responsibility for financial control. They are limited to the relatively narrow field in which Departments themselves keep commercial accounts, or are concerned with the financial operations of commercial organisations. Their outlets into other kinds of work and into posts of higher management are severely limited.'

**The Civil Service,* HMSO 1968, Cmnd 3638

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The Report went on to recommend a much wider role and greater responsibility for accountants and specified some of the areas in which more qualified staff were needed.

Following Fulton, the Melville/Burney Report* in 1972 examined the use of accountants in the Service and whether there would be benefit from employing more high calibre accountants. Recommendations included the creation of a larger stronger accountancy service with improved career opportunities and the appointment of a Head of Profession.

Criticism continued to mount throughout the seventies, both inside the Service, notably from the Comptroller and Auditor General, and outside, for example the Eleventh Report from the Expenditure Committee (1976/77) on the Civil Service**. The pressure on the economy and the added emphasis that this has placed on accountability in Government have served to focus attention on the effective control of resources, efficiency and value for money in the Service.

However, changes were already taking place. In 1964, Ministry of Defence (MOD), who had previously encouraged selected staff, mainly in the Ordnance Factories, to study for a professional accountancy qualification through external colleges and evening classes, introduced an intensive two-year internal course to enable civil servants to achieve a professional accountancy qualification. In 1975, as a result of the Melville/Burney Report, the first Head of Profession, Mr K J Sharp, was appointed. At about the same time the first central bursary scheme was set up to enable staff from any department to train for a professional accountancy qualification. As the schemes started to bear fruit, the number of civil servants undertaking training began to increase and in the latter half of the seventies the number of internally trained staff increased by half, but in absolute terms the numbers were still small. Thus a firm foundation was being established on which to build, but much remained to be done.

There are currently about 1,050 professionally qualified accountants in the Civil Service and this represents less than 1 per cent of the total in the country as a whole. Some 400 of these are employed in specialist groups (such as the Inland Revenue Tax Inspectorate, District Audit Service, Exchequer and Audit and the Insolvency Service) which are not included in the functional specialism proposals. There are therefore about 650 professionally qualified accountants employed generally on accountancy work in departments and they fall into two different groups depending upon how they were recruited. The two groups have remained almost entirely separate and employed on different types of work; traditionally movement between them has been very restricted. Firstly, there are those in the Professional Accountant Class (about 380) who are recruited into the Service as qualified accountants and who are mainly employed in Government's dealings with industry and commerce, for example on

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*_The use of accountants in the Civil Service_, CSD, 1973

**_The Civil Service_, eleventh report from the House of Commons Expenditure Committee, HMSO, HC 533, 1976–77, 3 vols

procurement work and assistance to industry. Most of the remaining 270 are members of the Administration Group and qualified after entering the Service. Most of the latter are employed in line accounting posts in, for example, Trading Fund areas, and other quasi-commercial activities. The majority of the accountants in these two groups are employed in two departments – Defence (about 350) and Industry and Trade (about 100). *No other department employs more than 40 accountants and most employ less than five. Several employ none.*

The first outline plan of what was later to become the functional specialism proposal was prepared by Mr Sharp in 1978. The plan was discussed in what was then the Civil Service Department (CSD) and informally with the main users of accountants in the Service. Instructions were given by the Head of the Civil Service to convert the outline plan into detailed proposals for action.

In early 1979 a detailed paper was prepared and initial views sought from Permanent Secretaries in three departments. Further discussion followed at meetings of Principal Establishment Officers and Permanent Secretaries at which it was accepted that there was a need for a much greater input of accountancy expertise into the financial management of government. In early 1980 the proposals were discussed at an Establishment Officers' meeting and it was agreed that the proposals for the introduction of a functional specialism of accountants should be put to the Trades Unions and that CSD should negotiate with them on behalf of departments with a view to achieving the objectives by agreement if possible. The target date for introduction was initially agreed as 1 April 1981 but it soon became apparent that this was unrealistic. The introduction was therefore deferred until 1 July 1982.

The functional specialism

The functional specialism proposals are based on seven basic propositions:

- the Service needs more accountants
- they should spend long, continuous periods on their specialised work, but not get locked into it
- they need better career outlets, most of which can only be found in senior administrative work
- there is a general feeling that senior administrative work needs an input of their experience
- analogous problems affect their support staff
- there are other people in the same field doing closely related work who are difficult to categorise but who should not be separated from them by a sharp dividing line
- there is a need for at least some central involvement in the management of a scarce resource.

The intention is to provide accountancy skills to staff who require them, not as a replacement for other expertise, but in addition to it. The proposals are about changing the image of accountants in the Civil Service. It is still widely believed in some parts of the Service that all accountants are narrow specialists immersed in providing only a technical service. The proposals are intended to facilitate the use of staff with accountancy expertise in wider management areas as is normal in business in the private sector, in the nationalised industries and in local government. Such a fundamental change will take time to achieve and the proposals are therefore a long-term strategy.

To achieve these aims the scheme proposes that the accountants in the Professional Accountant Class will be brought together with the accountants in the Administration Group to form a functional specialism within the Administration Group and that they will in future be used more flexibly. The present central facilities for co-operative working by departments will be expanded and improved. To meet the additional need for accountancy expertise, there will be a substantial boost to internal training and additional incentives provided to attract and retain staff.

The functional specialism comprises a defined group of posts at Higher Executive Officer level and above within the Administration Group requiring specialised accountancy expertise. The proposals recognise that there are many posts in the Service which, whilst requiring a high level of specialist accountancy knowledge, do not necessarily need to be filled by a qualified accountant. Many of these posts are filled by staff with long experience of accountancy work and it is appropriate that these posts and people should be part of the new arrangements.

As part of the preparatory work to the introduction of the specialism, work has been going on since the beginning of 1981 to identify the areas of work and posts requiring accountancy expertise in accordance with the following definitions:

Accountancy input area – an area where a proportion of the posts require significant accountancy input, whether from qualified accountants or otherwise suitably experienced staff.

Q post – a post which will normally be filled by a professionally qualified accountant.

E post – a post which requires a high level of accountancy expertise, although not necessarily a professional qualification in accountancy.

Both Q and E posts may also call for suitable experience in particular fields and/or non-accountancy skills.

As an initial step, a pilot study was undertaken in four departments to identify some of the difficulties involved in the identification exercise and

to give a rough idea of the number of posts likely to fall within the specialism. The pilot study highlighted that a great deal of work and difficulty was involved in identifying posts. The identification exercise was widened to other departments in mid-1981 and over 700 Q and 500 E posts have been identified in 40 departments. The vast majority of these are, of course, existing posts – there are very few posts additional to existing complements – and these posts are filled by people with a variety of accountancy training and experience. The exercise has identified about 150 posts which should be, but are not yet, filled by professionally qualified staff. Discussions on the identification of posts is continuing with the larger and more complex departments and so the figures quoted may increase, but not, it is expected, significantly before the introduction of the specialism.

It is recognised both by the centre and by departments that the number of posts identified represents a starting figure which is likely to vary as workload and organisational changes occur. For example some Q posts may in time be reclassified as E and *vice versa* and posts will move into and outside the specialism as the work involved changes. It is likely that the specialism will increase significantly in size during the next few years as a result, firstly of initiatives now under way in departments including the development or internal audit and management accounting systems, and the improvement of financial management in Government generally, and secondly as the supply of staff with accountancy expertise grows and departmental perception of the need for the expertise becomes clearer.

The Government Accountancy Service (GAS)

Membership of the GAS will comprise the following staff in the Administration Group:

(i) all those, whatever their grade, who are professionally qualified to be members of:
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- The Institute of Chartered Accountants in Ireland
- The Association of Certified Accountants
- The Institute of Cost and Management Accountants
- The Chartered Institute of Public Finance and Accountancy

(ii) all those at HEO and above who are satisfactorily serving in the designated posts at the inception of the functional specialism on 1 July 1982

(iii) HEOs and above who are not serving in the designated posts at the inception of the functional specialism but who have a suitable level of accountancy expertise.

Under categories (ii) and (iii), it will be for departmental management in consultation with the Government Accountancy Service Management Unit (GASMU) to judge whether or not an individual has the necessary expertise. This will generally require an equivalent degree of practical accountancy experience to that required by a professional accountancy institute and should preferably involve some relevant accountancy training. Such experience will need to be in appropriate depth, should cover a range of work and will normally have been gained by the individual concerned having previously filled an appropriate post at the same or lower level. The normal requirement will be for employment on appropriate work for at least three years for posting at HEO and at least five years for posting at Senior Executive Officer (SEO) and above.

Other than in exceptional circumstances, for example when there is a general shortage of suitably qualified staff, only staff who are already members of the GAS or who, by virtue of their training and experience, are qualified to be so, are eligible to fill posts within the functional specialism. However, membership of the GAS does not automatically make an individual eligible for all posts in the specialism.

Management in the centre and in departments put a great deal of emphasis on the need for appropriate practical experience. It is envisaged that members of the GAS will move between the four areas described below, particularly at the lower levels, to gain appropriate experience, but a large proportion of a member's career may be spent in one or more of these areas. Membership of GAS will not limit individuals to posts within the functional specialism. While many members will wish to spend much of their career in posts within the specialism, they will also have the opportunity to be considered for posts in other parts of the Administration Group and for opportunity posts for which Administration Group staff are eligible.

Individuals without the relevant experience who are training under officially sponsored schemes for an accountancy qualification will be trainee members of the GAS and as such will have access to the central management arrangements undertaken by GASMU.

The posts

Posts within the specialism fall into four main categories and require a range of different types of accounting expertise as well as non-accountancy skills. Not all posts in these branches are Q and E posts. The categories are:

- accountants branches mainly responsible for accountancy advice in specialist areas such as procurement, aid to industry, advice on legislation, etc

- finance and accounts branches involved in government accounting, management accounting, the design and operation of financial control systems, etc
- internal audit which involves an independent appraisal of a department's control over its business, including efficiency, economical conduct and the safeguarding and proper use of its resources
- other branches where a high level of accountancy expertise is required. These vary according to the nature of the department's work related to, for example, taxation, financial aspects of policy decisions, etc.

For vacancies at HEO, SEO and Principal level, it is proposed that departments will fill posts according to the following options:

(i) internal level transfer or, at departmental discretion in consultation with the GASMU, inter-departmental level transfer through the GASMU
(ii) internal promotion using the normal departmental procedures
(iii) in consultation with the GASMU and the departmental Unions concerned, a special promotion review which, at departmental discretion, may specify a seniority requirement of less than the department's field
(iv) inter-departmental trawl, in consultation with the GASMU. If in step (iii) a lowered seniority field has been adopted and the trawl is for transfer on promotion, it may specify the lowered seniority field.

Before any action is taken to fill Senior Principal and Assistant Secretary vacancies, there should be prior consultation with the GASMU.

Promotion

The normal principles and procedures for promotion in the Administration Group will apply to staff in the accountancy functional specialism. Because there is a considerable training investment in accountancy staff and because it takes some years to build up an appropriate depth of experience, it is in management's interests to retain individuals on this type of work for longer than would generally be the case in other parts of the Administration Group. It therefore follows that members of the GAS and those in the process of qualifying for membership should not be denied promotion solely because their experience has been limited to areas of work covered by the specialism. Whilst accountancy staff should be encouraged to take a wide interest in the work of their department, it must be ensured that they are not penalised at promotion boards because the questions asked are more relevant to generalists.

Where the normal promotion arrangements fail to produce sufficient candidates, a department may, after consultation with the departmental

Unions concerned and the GASMU, institute a special promotion review for posts in the functional specialism. This may specify a seniority requirement of less than the department's standard field.

The Government Accountancy Service Management Unit (GASMU)

Previously the Head of the Government Accountancy Service was supported by a Career Officer for Accountants, a Deputy Career officer and a small support staff. The career management role was largely in connection with the Professional Accountant Class.

Under the new arrangements, an expanded GASMU has been established to provide a focal point for all matters affecting accountants and accountancy training in the Service, including those previously carried out in the Management and Personnel Office Unit of AFA Division. Although GAS staff are members of and are managed by individual departments, the GASMU exists to help departments manage their GAS staff in the best way, to ensure that the best use is made of GAS staff and to ensure that all posts can be properly filled. The role of the Unit includes assisting in arranging interdepartmental transfers, future development of the GAS and the functional specialism, maintaining records of the members of GAS and posts within the specialism, overseeing accountancy training schemes, and giving career advice to members of the GAS.

Recruitment

The practice in the Professional Accountant Class has been to directly recruit professionally qualified staff and there will be a continuing need in future. Initially, internal training schemes will not be able to supply sufficient qualified staff and in addition there are certain posts where private sector experience is necessary. In these areas, for example procurement and assistance to industry, much of the work is concerned with the appraisal of commercial accounting practices and reporting requirements under the Companies Acts. Also there are a few posts in which staff are required to hold a practising certificate (which can only be acquired through experience in public practice), whilst for others in the Inland Revenue Inquiry Branch experience of incomplete records, back duty investigations and client/revenue negotiations is essential.

The object of direct recruitment will be to increase the availability of the skills and experience necessary to meet the demand for an improved accountancy input within the Service. It is anticipated that most of the direct recruitment necessary will be at the HEO and SEO grades, but exceptionally it may be necessary to recruit at Principal and above.

Training

A number of opportunities are already open to civil servants wishing to undertake accountancy training. The Civil Service College and several departments provide basic accountancy training and there are a number of opportunities for more advance training, both inside and outside the Service, for example Bursary and departmental schemes for professional qualifications.

To meet the present shortages of staff with accountancy skills and the projected increase in requirements, there must be a substantial boost in existing training arrangements for staff filling both Q and E posts. Reviews are under way to consider how this might best be achieved.

It is, of course, not sufficient simply to provide training. We must make sure that there are enough people in the service willing to take advantage of the opportunities. It will be important to publicise these widely and for departments actively to seek out and encourage volunteers, particularly at and around Executive Officer level. Ways of providing incentives to staff to apply for training are being investigated. If internal sources do not provide sufficient suitable candidates for training, it is envisaged that staff will be recruited direct for training.

Conclusion

The proposals have developed to the present form as a result of considerable discussion and negotiation and inevitably will continue to evolve particularly with the benefit of practical experience. The changes proposed are not an instant panacea. They will take effect over a period of years.

There is still much to be done before the specialism is introduced. Perhaps the most important task to be undertaken is detailed discussion of how the scheme will work in practice with those directly involved in departmental establishment branches and in accountancy input areas.

To be effective the proposals must convince all the parties concerned from the accountants themselves to the public at large that they will achieve the objectives for which they were designed. This will depend not only on the adequacy of the proposals but also on the determination of the centre and departments to make them work.

Only time will prove whether they have been a success.

At the Sharp End

K Butterfield

Keith Butterfield is a Principal in the Department of Health & Social Security at present employed in the Regional Directorate which directs and controls Social Security operations in the regions and local offices. This article is an extract of his personal experiences and observations. It is not intended to represent an official view.

> 'Now when the fellow you're going to interview sits down, never let him put his flat cap on the counter because some of these characters sometimes sew razor blades in the brims and then slash your fingers under the grill!'

The above quote may sound a bit far-fetched, but was in fact part of the indoctrination of new staff in the National Assistance Board office to which I was first assigned as a young Executive Officer. I am not sure whether this sort of statement was meant to educate, initiate, or intimidate; but it certainly made a lasting impression!

The reality, of course, was that such occurrences were not regular features of the work. However, assaults on staff did and do take place in and around DHSS offices, in the homes of claimants and in the streets, usually as a direct result of the sort of work undertaken by our staff and the sort of people with whom they come into contact.

Types of assault

The variety of assault to which staff are subject is almost infinite, ranging from verbal abuse or threatening behaviour, through the 'technical assault' where a punch is thrown but the intended recipient is quick enough to duck, to the actual causing of bodily harm or worse. The most common event is the single punch or kick from a claimant in the office during the course of an interview. More serious incidents do occur, however, when quite major injuries are caused necessitating hospital in-patient care and, in some cases, even leading to death, perhaps because of a previous heart condition where the additional stress of an assault causes a further heart attack. And in a tragic incident a year ago, a young women visiting officer was brutally murdered by the claimant she had visited in order to deal with his request for an additional grant.

Most staff in the DHSS regional organisation would be able to recount vivid and sometimes bizarre stories of assault or would-be assault. I

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remember the man who, although under 5′ 3″, tore apart a wire counter screen in order to get at his intended victims and whose behaviour required the police to be called three times in one day; the inspector colleague who was chased from a Chinese restaurant by the angry proprietor wielding a meat cleaver; and my own forcible ejection from a house by a normally mild-mannered but temporarily irate pensioner. I can also recall the feeling when directed to visit a claimant who had the previous week assaulted a colleague and, when arrested, needed six policemen to subdue him – still destitute, however, and therefore in need of the same impartial consideration as any other claimant!

To balance this vivid picture, a few facts: each year members of the public make about half a million calls at DHSS offices, whilst staff make around 100,000 visits to claimants' homes; in 1980, 215 assaults were reported, but it has to be said that staff may not always report minor assaults in spite of exhortations by the Department.

The victims

It is not easy to differentiate between those staff members assaulted in the street as ordinary or unfortunate members of the public, and those assaulted because they work for DHSS. Certainly each year there are some in the latter category. An examination of statistics of assaults on visiting officers reveals that lack of experience in the Department is not a contributory factor. Indeed, most of the assaults were on staff with long experience (only 2 per cent within their first year in the Department), but the figure rises to 30 per cent for those staff less experienced in visiting duties. Other factors which come to light are: the vast majority of assaults on visiting officers are on EOs – something one could anticipate in view of the fact that most new or difficult cases would be visited at that level; few assaults were committed by people with a known record of violence; about a quarter were by people other than the claimant (spouse, boy-friend, son etc.) and just over 10 per cent were in cases where the Department had no prior knowledge, ie. a new claim; and, significantly, about half the cases would have been identified as potentially difficult interviews because of their very nature – fraud, liable relatives not supporting, serving summonses etc.

In the office, however, there is less discrimination and victims tend to be counter clerks, receptionists, supervisors and managerial staff, or anyone else who happens to be in the way. There are indications that women are less likely to attack men officers and that men are much less likely to attack women members of staff, but that is of little consolation to the victims. If an assault does take place in a local office, the person at least has the help and support of colleagues who can ensure that medical aid is provided and the

police called quickly; but the visiting officer must be considered much more vulnerable.

Many civil servants face some sort of hazard as a direct consequence of their duties, including officials from the Department of Employment, Customs and Excise, Inland Revenue,the prison service, the immigration service, driving examiners and so on. Because of the type of clientele often encountered in the Department of Health and Social Security, however, the dangers are possibly greater.

Nature of the job

Any job which takes staff out of the protective confines of the office has some obvious disadvantages, but added to this must be the particular circumstances in which members of the public meet our staff. The Social Security side of the Department is probably seen to fulfil two roles: the collection of money and the payment (or non-payment) of benefits. The former undoubtedly gives fewer difficulties as much of the work is with companies, where our inspectors are dealing with a wages section or Company Secretary. However, in the case of small businesses or self-employed people, there is much greater resistance to our efforts. Our visitors represent – to some at least – the long arm of the law, the Government of the day, officialdom, the Establishment, interfering snoopers and the rest. The risk of assault is always there, verbal abuse a daily occurrence.

Claimants for contributory benefits such as Sickness/Injury Benefit or Retirement Pension naturally want what they consider they have paid for as quickly as possible. In the main they are not concerned that our staff have to understand and administer a complex system of laws and procedures and inevitably problems do arise. The public are now much more aware of their rights and have become increasingly impatient over the years, which again creates more difficulties for hard-pressed staff. Most benefits are paid accurately and on time but, inevitably with such a mammoth operation, mistakes are made and delays do occur. People become financially embarrassed or angry with the system and our counter staff have to take the resulting abuse or worse, often when the matter is out of their hands (perhaps through computer delays).

On supplementary benefits, the problems are somewhat different. The very nature of the benefit means that we deal with members of the public with financial or other problems. Many of the claims are from people with a regular income from the State by way of pension or benefit, but which needs topping up to an agreed level. In spite of our publicity about claiming their due entitlement, they are often highly embarrassed or fearful and have to be treated with the greatest tact, sympathy, understanding and, sometimes, with firmness. This demands a great deal from staff who are too often under pressure or inexperienced.

The supplementary benefits scheme is intended to act as a safety net. It is inevitable, therefore, that people with difficult problems usually find their way at some stage to our supplementary benefits offices. Types of case vary enormously, the majority of claims being from people facing the traumas of sudden illness, unemployment or bereavement, but with many from newly-deserted wives, persons with acute psychological or social problems, drug addicts, alcoholics, criminals, misfits, drop-outs, gentlemen (and ladies) of the road, those fallen from grace and those who need perhaps permanent support, a temporary helping hand, or maybe just a word of advice.

Reasons for assaults

But why do assaults occur? Following are some of the things which may play a part in any single instance. Many are brought into contact with the social security system by events which themselves are hard to cope with as already mentioned – loss of a job, sickness, desertion, bereavement, retirement. They are then confronted by a benefits system of bewildering complexity, with forms to fill in, questions to answer and procedures to follow for reasons which they do not understand. They have to deal with staff who themselves will be under stress through pressure of work, perhaps lack experience both in the detail of the work and in the skills of interviewing, and their own difficulties in understanding and explaining all the complexities of the benefits they are dministering. The staff are also strangers to the claimants, yet they have to enquire about private and personal matters; a claimant can understandably feel ill at ease, even resentful, at this, and his feelings may be exacerbated if, say, the member of staff is much younger than he. The meeting may be the sequel to a letter or series of letters to which the claimant has received what he thinks is an inadequate reply, or to other frustrations such as difficulty in getting through on the telephone or finding the right person to talk to. And finally there is the simple fact that claimants cannot always get the answer they want. For many, the supplementary benefits office is the last resort and no matter whether we may think a case is particularly deserving or not, the law has to be applied and can mean that the answer has to be that we are unable to help. A refusal is a refusal, however kindly conveyed. Reactions range from a shrug of the shoulders and passive acceptance to the hysterical outburst which may be limited to shouting verbal abuse or, much more worrying, a desire to hit or break anything or anyone within reach. Drunks and those people brought up on a diet of violence inevitably make up a large proportion of this last category.

Of the assaults reported, only about a quarter take place in the claimant's home. Most assaults occur within the local office. This is hardly surprising, since that is where most face-to-face contact between staff and claimants

occurs. But it must be acknowledged that the local office environment itself may add to the possible causes just listed; chairs and ash-trays screwed down (normal practice in all our offices), protective screens which inhibit friendly dialogue, long delays, sometimes dingy surroundings, the lack of complete privacy and the sense of being on the bureaucracy's ground rather than one's own.

Our staff are ordinary civil servants working in the front line. When assaulted or abused they become frightened or angry; but when the particular incident of violence or abuse has passed, they are required then to carry on as normal, perhaps dealing with a tragic case of sudden bereavement. We should not underestimate the psychological difficulties of trying to switch the mind from one event to the other.

Reducing the risks

Over many years we have considered the questions of staff safety, service to the public and efficiency of operation. Improvements have been made in many areas, some of which, such as the provision of data locks on doors leading to staff areas and the installation of stronger protective screens, have reduced the risk of physical danger. Others, mainly in the form of organisational changes, have had apparently good although unquantifiable results. These include: payment by giro instead of cash, which seemed to reduce tension; non-closure of public counters at lunch-times; the separation of interviewing cubicles from waiting areas in supplementary benefit offices (this avoids the more aggressive customer performing before an audience); A general reduction in the amount of visiting undertaken; the operation of an appointments system on supplementary benefits to cut down waiting time; and, of course, greater awareness and better training for staff.

The identification of potentially violent customers is not an easy task. Many people under strain will argue or shout, but few will actually resort to physical violence. However, if no previous knowledge of a claimant is held, there is obviously no way our staff can judge his/her likely reaction.

Following the murder of the visiting officer a year ago the Department set up a Working Group to review all relevant procedures with the aim of ensuring that all practicable steps were taken to minimise the risk of assault on the Department's staff undertaking visiting duties. Inevitably the identification of potentially violent people had implications for all staff who deal with the public on a face-to-face basis and therfore the group did not limit their thoughts solely to visiting.

A number of recommendations were made by the group and included some tightening-up of the written instructions, centralising them in one Code of Guidance available to all staff, changes in the identification of potentially violent customers or members of their households, better

training for visiting staff, account to be taken of the type of area to be visited and the time of day, new procedures for accompanied visits to be made where necessary, and improved liaison to be sought with local Social Service departments and the Probation Service. The exchange of information was seen as a vital link here. These recommendations and others have now been implemented.

The Department for its part has taken steps to reduce the risks by way of improvements to accommodation, organisation and instructions to staff. Training is also being constantly reviewed and aims to show staff that there are dangers, although these must be kept in perspective. Staff are being taught how to recognise potentially violent situations and how they might best diffuse them and always we are trying to select the people who can best cope with face-to-face contact.

Society generally has become more violent and one reads every day of people being attacked in the street or in their homes. DHSS staff are undoubtedly more at risk than most in view of the fact that duties, for some anyway, often include visiting in difficult areas, perhaps after dark, or where even the police are reluctant to patrol unaccompanied. Our managers use common sense and arrange for accompanied visiting where this is deemed advisable, but even two people visiting together can be very vulnerable in some urban or inner city areas. There can be few jobs where people are abused or attacked in the street because of the job they do, but it does happen and it is not unknown for DHSS staff to need to take a very careful look around before leaving the office after receiving threats from an aggrieved claimant.

At the end of the day it must be said that our staff carry out a very exacting job in the very best traditions of the Civil Service. A job which often sees the harsher side of life and has more than its share of problems and even physical danger; but which can at the same time be very rewarding. Staff may complain about the work-load, the complexity of the law, the constant changes in Regulations and the rest, but nevertheless I suspect that few would wish to transfer to a different Department. To quote a police recruiting slogan of a few years ago – 'Dull it isn't!'

Readers might like to compare Keith Butterfield's study with Tom Wolfe's findings in *Mau-mauing the flak catchers* in his book, *Radical chic and mau-mauing the flak catchers*, Bantam 1971.

The Establishment Officers Meeting: A Time Exposure

Mrs B M Howard

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Introduction

The history of the Civil Service since the Northcote-Trevelyan reforms of 1855 shows the gradual increase of central control both in establishment matters and in resource committal. This control was not always welcomed and there developed what the Haldane Committee described in 1918 as 'the traditional attitude of hostility to the Treasury'. One reason for this was the rigid departmentalism which prevented Treasury officials from having any personal experience of the traditions and particular needs of other departments. On the other hand, to do the Treasury justice, until 1890 they had no legislative authority; their chief weapon was to delay by repeatedly sending back proposals and asking for greater justification. They could be over-ruled by ministers of important departments and were often only able to restrict matters of minor importance, whilst having no effective check over larger items of expenditure. The idea that there should be a standing interdepartmental committee to advise the Treasury was put forward by Sir Charles Trevelyan in evidence to the 'Playfair' Commission in 1875. For various reasons the proposal was not fully accepted until 1920 but since then (with a short break between 1935 and 1940) a permanent consultative committee has existed.

The 'Playfair' Commission 1874–75

Between the Northcote-Trevelyan reforms of the 1850s and 1870, government activity increased both in volume and in scope of business, yet the Civil Service was still organised on a departmental basis. Salary scales and hours of labour differed from department to department; men recruited to one office could not be transferred to another; there was no machinery for central co-ordination.

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Giving evidence before the Civil Service Inquiry Commissioners in 1875, Sir Charles Trevelyan observed:

> 'Committees or Commisions are occasionally appointed to inquire into particular departments, but this partial and desultory mode of proceeding is quite insufficient to meet the exigency of a case.....There is at this moment a mass of business pressing for attention, quite beyond the ordinary strength of the Treasury, and I should be sorry to have to estimate the public loss arriving from the neglect with which matters of this kind are treated..... [One of the Junior Lords of the Treasury] might, with great propriety, be constituted the chairman of a standing committee for the revision of civil establishments'.[1]

His advice was accepted by the Commissioners, who commented:

> 'We are of opinion that the position of [the Treasury] in relation to other Departments should be made as strong as possible; that it ought to have the means of making itself accurately acquainted with the wants and conditions of other Departments; and that it should thus, whilst acquiring their confidence, be able to exercise an efficient and intelligent control. These objects might, we believe, be attained if the Treasury were from time to time to summon to its aid a small Committee or Council composed of Heads of Departments, who would thus bring the experience of one office to bear on another, and assist in introducing such an amount of uniformity as is practicable and desirable'.[2]

The 'Ridley' Commission 1886–90

The Government of the day took no action on this suggestion, but the matter was raised again in evidence to the Royal Commission on Civil Establishments, which met in 1886 under the chairmanship of Sir Matthew Ridley. The Commission, like its predecessor, pursued vigorous inquiries into the effectiveness of Treasury control over the growth of establishments – control which it was becoming increasingly apparent was extensive in theory but inoperable in practice. The Treasury's distaste for a standing committee was such that they deliberately excluded that recommendation from a summary of Playfair's proposals which they prepared for the use of the Ridley Commission.

Notwithstanding the Treasury's lack of enthusiasm, the Commissioners' Second Report recommended that there should be a permanent consultative committee which:

> '..... would have power to entertain all questions affecting establishments, including pensions, and all proposals for

> increased expenditure and that it should also be required to review periodically, all offices, with the object of ascertaining whether any reductions can be made in the number of staff and other economies effected, its recommendations and proceedings being officially recorded. .... We believe that it would be of great value in securing uniformity of regulations, in suggesting reforms, in facilitating transfers, and, not least, in bringing about harmonious action between the Treasury and other departments'.[3]

As might have been expected, this recommendation was not well received by Treasury officials who, on the other hand, did welcome another proposal of the Ridley Commission: that there should be an Order in Council to regulate the organisation of the Civil Service and formalise their own position.

The Order of 15 August 1890 gave the Treasury some authority over pay and numbers and set up the committee:

> '17. At the beginning of each calendar year, the Commissioners of the Treasury shall nominate 4 Principal Officers of Public Departments to serve on a Consultative Committee to advise the Commissioners [of the Treasury] upon questions of staff, salary and organisation for the calendar year then beginning'.

The Consultative Committee 1891 – 94

The history of the Consultative Committee, and of the opposition to it, is narrated in a Memorandum[4] submitted by the Treasury in 1912 to the Royal Commission on the Civil Service, headed by Lord MacDonnell.

The Treasury commented that the committee was constituted 'in a way which is scarcely distinguishable from that proposed by the Ridley Commission'. But comparison of the Order in Council (which was of course drafted by the Treasury) with the original Ridley proposals reveals significant differences. The composition of the committee was changed, making it less powerful, and its function was implicitly relegated from an investigative instrument to that of a court appeal.

It is clear that the Treasury resented the intrusion of the committee. They permitted it only to consider three minor matters and from 1892 they began to refuse to allow referral to it. The committee did not meet after 1894 and by 1907: 'in the opinion of the Treasury, the Committee had failed to achieve the objects for which it was intended, and the principle which it embodied was likely to impair Treasury control over establishments'. Accordingly by the Treasury-sponsored Order in Council dated 21 December 1907, the committee ceased to exist.

The 'MacDonnell' Commission 1912–15

The MacDonnell Commission, drawing their conclusions from the Treasury memorandum submitted to them, commented:

> 'The history of the Committee is a narrative of failure. It failed partly because of the defects of its constitution, its members being otherwise fully occupied, partly, we understand, because of the misgivings with which the Treasury authorities of that day regarded such an innovation. We infer .... that the Treasury authorities have placed more reliance on committees of inquiry appointed ad hoc than on the plan of a Consultative Committee. But, without doubting the utility of such 'committees of inquiry' we think that of necessity they can never supply the place of a properly constituted and permanent organisation'.[5]

The majority report did not recommend the reconstitution of an inter-departmental committee but instead suggested the creation within the Treasury of a special section for the general supervision and control of the Civil Service. The signatories of a minority report considered that decisions would be more acceptable if they 'were the outcome of deliberations, not by the Treasury alone, but by a body representative of considerations other than those of the purse' and observed that the Consultative Committee 'have never been given a fair trial, for reasons which it is unnecessary now to enter'.

The outbreak of the First World War prevented consideration of the MacDonnell proposals, but lent urgency to their implementation.

1918–19

The practical shortcomings of Treasury control were made apparent by the heavy administrative expenditure incurred not only by the 'social welfare' ministries created by the Liberal administration at the beginning of the century but also by the evanescent government departments set up during the war. An investigation into the costs of administration was carried out by a Select Committee on National Expenditure, established in July 1917, which called for a greater measure of Treasury expertise and a regular series of investigations into departmental organisation.

In 1918, the Machinery of Government Committee (under the chairmanship of Lord Haldane) was set up by the Ministry of Reconstruction. Among its proposals was:

> 'The establishment of an Advisory Committee which they [the Treasury] could consult, either on general questions affecting the public service at large, or on specific proposals from Departments. Such a Committee should be permanently

constituted, should not exceed 6 or 7 in number and should be composed partly of permanent Heads of Departments and partly of persons with outside experience of business methods and problems'.[7]

In parallel with the Haldane Committee, another committee under the chairmanship of Sir John Bradbury was 'appointed to inquire into the organisation and staffing of government offices' (1918–19). Their proposals were more far reaching.

They were persuaded by the evident wastefulness of some wartime expenditure that central control should be exercised with a greater degree of expertise than hitherto by carefully selected Treasury officials. They should form a new central Establishment Division in the Treasury to assist and support the work of a new type of senior officer who was to be appointed in each of the larger public departments, charged with responsibility for securing economy and efficiency. As a primary means of achieving close co-operation between the Treasury Establishment Division and the newly created departmental Establishment Officers, there was proposed:

> 'the formation of a Standing Committee consisting of selected Establishment Officers, which should meet under the chairmanship of the Head of the Treasury Division and advise on all general questions affecting the staffing and organisation of the service. The Establishment Officers will thus be able to pool their experience and their advice should be of more assistance to Treasury in formulating the policy to be adopted in regard of the many difficult questions affecting Civil Service organisations which urgently demand settlement'.[8]

Following these recommendations, and with the blessing of the Haldane Committee, the Treasury's Permanent Secretary was elevated to a new level in the Civil Service hierarchy, and the Establishment Division of the Treasury was created in 1919 under an officer designated Controller of Establishments, charged with responsibility for sanctioning rates of pay, controlling salaries, and issuing general regulations for the conduct of the Service. An Establishment Officer was appointed in the larger departments, and a Standing Committee of Establishment Officers set up under the chairmanship of the Treasury Controller of Establishments. [Treasury Circular 15 September 1919].

That Committee, except for a break between 1935 and 1940, has been in existence since 1920. One might therefore inquire why it should have been more acceptable than its predecessor of 1891.

One reason must lie in the greater confidence in its own authority which became manifest in the Treasury after the administrative reforms of 1919

and 1920. Among these was the formalisation by Order in Council of 22 July 1920 of its prerogative to make regulations 'controlling the conduct of His Majesty's Civil Establishments, and providing for the classification, remuneration and other conditions of service'. But the acceptance of a new style of control and the success of the Establishment Officers Committee must be surely due to the influence and enthusiasm of Sir Warren Fisher.

It fell to Fisher as Permanent Secretary of the Treasury from 1919 to 1939 to take the lead in unifying and revitalising the Service in the years which followed the 1914–18 war. He was in no doubt about the need for a Committee; he commented to the Tomlin Royal Commission on the Civil Service (1929):

> 'The Heads of the great Departments are the right men to be there; they clearly ought to be in the closest contact on all major Service problems and the Treasury should be the nucleus or the body to call the conference'.[9]

1920–34

Information on the workings of the Standing Committee can be gleaned from a series known as 'Establishment Officers Committee' (EOC) papers (later entitled 'Establishment Officers Circulars').

The Committee seems to have met 34 times, the last of which (probably late in 1934) gave rise to no less than 14 separate papers. The subjects of these ranged from recruitment procedures, sick pay and superannuation, to the employment of women to operate office machines. That the Treasury wished to be seen as conciliatory, rather than authoritarian, is clear from the repetition in the Circulars of such phrases as: 'We wish to obtain the views of other departments before taking action', and 'The Treasury invites the concurrence of other departments'.

The Committee's success is illustrated by Sir Markham Ramsey's evidence to the (Tomlin) Royal Commission on the Civil Service in 1929:

> 'in the old days, consultation between the Treasury as the co-ordinating body and other departments was casual. Since 1920 there have been systematic consultation between the Heads of the Treasury and the Heads of big departments, and the institution of the committee of establishments officers have operated in the same direction. I think that Heads of Departments have gained a lot by exchanging ideas and discussing their common problems as if they affected not one department but the Service as a whole, and I should suggest that the standard of administration is higher'.[10]

But the Treasury's traditional dislike of the Committee gradually reappeared. In 1940 they reported:

> 'In recent times ..... it has not been found necessary to hold meetings of the committee although it has not been formally abolished. The necessary consultation between the Treasury and departments had been secured more formally by correspondence, discussions and *ad hoc* meetings of the Official Side of the National Whitley Council or Joint General Purposes Committee, etc' (EOC 360).

With the onset of war, however, the Treasury found it necessary to establish some procedure for closer and more informal contact between themselves and other departments. They did not then intend reviving the Standing Committee but felt a need to make provision for the meeting together of a few Establishment Officers whenever matters of interest arose.

But the meeting was evidently found to be valuable and the Officers met regularly. As time passed, its size increased until in 1947 there were 16 full members and 13 additional recipients of papers who, from time to time, attended meetings – as did a phalanx of Treasury officials. This proved unwieldy and an attempt was made to limit the number of eligible departments and to reduce Treasury attendance. A consequence of reducing the size of EOM was to isolate a number of small departments and in order 'to foster a corporate sense of responsibility' a periodic meeting of these bodies was proposed. The group was christened 'EOM (Small Departments)' in July 1968.

Developments from 1969

In November 1968 the newly created Civil Service Department took over from the Treasury responsibility for the management of the Civil Service. Considerable pressure was placed on the Committee by the volume of work involved in restructuring the Service after the Fulton report and by 1971 improved consultative procedures between CSD and departments were introduced. These included the circulation by CSD of a short preliminary paper, at the stage when it was still examining the issues, which exposed the problems rather than waiting until it was able to put forward specific and detailed solutions. The institution of a 'second reading debate' for important matters, when time permitted, was also thought to be potentially useful.

Once again problems arose on questions of representation, particularly with the creation of 'giant' departments, and it was agreed that membership should be restricted to Under Secretary level and above. Criticisms had been voiced at the numbers of CSD staff attending EOM

and, as their Treasury forbears had done 35 years earlier, CSD undertook to mend their own ways.

More recent innovations have been the holding of occasional half-day seminars at the Civil Service College on particularly complex current problems, and the inauguration in 1975 of two series of annual residential conferences – one for main EOM; the other for EOM(SD) – taking papers on longer-term issues and allowing the informal exchange of views between Establishment Officers.

Present day

Today's EOM traces its descent from its predecessor of the early 1920s, having developed its procedures according to the changes in requirements of the machinery of government. It was the pivot of the communications system between CSD and departments and was regarded as the consultative body on matters of general Service interest. In 1981 a new chapter in the life of EOM began, signalled by the transfer of responsibility for pay, manpower and superannuation back to the Treasury and the creation of the Management and Personnel Office. EOM itself is now led by the MPO with strong Treasury involvement in its deliberations.

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7. *Report of the Machinery of Government Committee,* 1919 (Cd. 9230); part II, chapter 1, para 17
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9. *Royal Commission on the Civil Service,* 1929. Minutes of evidence 18,786
10. *op cit.* Minutes of evidence 17,952

A La Recherche du Temps Perdu

In later years the range of subjects considered by EOM became very wide. Probably not every Establishment Officer was interested in every paper; among the many serious matters, there were some of lesser weight which permitted time for reflection. One afternoon, the conference room clock in Old Admiralty Building stopped at ten minutes to three and occasioned the following lines:

> Ah, God, to see the cups of tea
> Across the room at OAB!
> To smell the thrilling – sour and rotten,
> Unforgettable, unforgotten –
> Conference smell, and hear the phlegm
> Cleared in the throats at EOM.
> Can any of us fail to mock
> If PEOs can't mend a clock?
> Can canteen staff work flexibly
> If core-time sticks from ten to three?
>
> *Ian Bancroft, 1973*

Plus ça change, plus c'est la même chose

The following is an extract from evidence given by Sir Thomas Farrer, Bt., to the Royal Commission on Civil Establishments, 1888:

> What have you to say upon the control of the Treasury over the Board of Trade, the office with which you are most acquainted? – My opinion is that the control of the Treasury ought to be greater than it is, and not less, but I think it should be intelligently exercised by able men. I may say myself, as a matter of experience, although naturally we have had our official quarrels, yet on the whole I have never had any difficulty in dealing with the heads of the Treasury. Where we have felt difficulty has been upon minute interference in little matters, not generally, I imagine, proceeding from the heads of the Treasury, but from some clerk – some Jack-in-office – who thought he would make a great man of himself, or else from rules which I am disposed to think would often be much better left very often to the discretion of the officers themselves. The fast is, that we can, any of us, at the other offices cheat the Treasury if we please. We can cheat them in big things; they may bully us in little things. The only way in which the thing can work well is by cordial co-operation between the heads of the offices and the heads of the Treasury.

Government Forms

T L Lonsdale

Tim Lonsdale is a Senior Executive Officer in the Management and Efficiency Division of the Management and Personnel Office. He was a member of the central team which co-ordinated the Review of Administrative Forms and reported on the arrangements for controlling forms Service-wide.

Forms are an essential part of government administration so it is not possible to abolish all of them; government forms will never please everyone but much more can be done to improve them; complex administration cannot be expressed through simple forms but more streamlined administration should result in fewer and better forms. These are all findings from a recent Service-wide review of administrative forms issued by government.The numbers of forms and their cost are staggering. Facts are in short supply but figures from the review show that about 2,000 million forms are issued by government each year. That is about 36 for every man, woman and child in the country. Costs for departments in using forms are large, probably more than £1,000 million each year and the cost to the form-filler too is considerable. In every instance examined during the review costs to business of filling in forms was found to be greater than the costs for departments of processing them. Many forms are written in language which few people understand. This can be a considerable irritant to the recipient of the form and can cause him to lose benefits or fail to exercise rights or responsibilities.

With a policy of improving the efficiency of the Civil Service and with these findings in mind, it is not surprising that the Government decided that much more needs to be done to get better forms. In February 1982 it issued a White Paper* emphasizing the importance of good forms to good administration and setting out its strategy for forms. This article, the first of two for MIG, sets out briefly the background to the Review of Administrative Forms and reports its main findings and recommendations.

Scope of the Review

In order to carry out its business, Government must communicate with the public. Because they can rarely talk face to face, forms are used instead.

*_Administrative Forms in Government_, HMSO 1982, Cmnd. 8504

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Management in Government 1982 (2) 107–112

Forms are, therefore, an integral part of administration and, because of the wide range of administrative procedures, are big business.

Traditionally, forms have been regarded as partly printed matter which has space to be completed either by the initiator or the recipient. However, the Review included standard letters, forms which only convey information and leaflets since all are important means of communication and must be understood if they are to be effective.

Background to the Review

Since forms are the means of contact between the Government and the citizen and are used over the whole range of Government business, they affect every person and business in the country. Many departments have improved their forms and leaflets in recent years by making them more intelligible. And implementation of the recommendations in the 1980 Review of Government Statistical Services* has reduced by about one quarter the number of statistical forms sent to businesses. Against this general background of improvement, the Government decided in early 1981 that a more comprehensive and critical look at administrative forms was needed. The then Lord President of the Council, with the Prime Minister's approval, commissioned the Review. It was co-ordinated by Sir Derek Rayner, assisted by a small team of officials from the then Civil Service Department (now Management and Personnel Office – MPO).

The aim of the review was to show by example how the burden of forms can be reduced. Teams in HM Customs and Excise, Ministry of Agriculture, Fisheries and Food, Department of Transport and Department of Employment looked at forms sent to businesses with the aim of reducing the number of form types and the frequency with which they were sent out. Teams in Home Office, Inland Revenue, Department of Environment and Department of Health and Social Security looked at forms sent to individual members of the public with the aim of making the forms simpler and easier to understand. Each team selected a small sample of forms which appeared to provide scope for improvement and concentrated their efforts on them.

As well as co-ordinating the work of the departmental teams, the central team in the MPO also considered the arrangements Service-wide for controlling the issue of new forms and for reviewing existing ones.

Result of the Review

The detailed findings of the departmental teams are included in the reports to their Ministers and to Sir Derek Rayner and are summarised in Sir Derek Rayner's report to the Prime Minister and in the White Paper. Altogether

*_Government Statistical Services_, HMSO 1981, Comnd. 8236

the teams looked at 93 different kinds of forms. Their recommendations have resulted in half being redesigned and over a quarter withdrawn. This means that 5 million fewer forms will be sent out by departments each year. But getting good forms takes time and care. The Review has shown clearly that there is much to do to make all forms in all departments as good as they can be.

Our initial study of control arrangements was based on an outline system which we devised from our existing knowledge of departmental practices. We modified our system as a result of comments from the 21 departments and two large private organisations we visited and supplemented it with the views of form specialists outside the Civil Service. The Government's strategy for forms is based on our report *Forms Under Control.**

The effects of forms

Good forms allow information to be conveyed and obtained more accurately and concisely than could be done without them. They help administration to work efficiently and fairly. On the other hand, bad forms cause problems and avoidable costs. They can damage relations between the Government and public and undermine the efforts of Civil servants, particularly those in local offices, to provide an efficient and helpful service.

Where do forms come from

Very few forms are specified in detail in law. Most are created by policy and operational branches in departments. These branches decide whether a form is needed, what its content should be and how it should be presented. Where the form is particularly important or is used in large numbers, the departmental form unit may be asked to help with the design. Although some departments put a great amount of effort into their forms, generally, forms work is a low-status activity.

Why do forms go wrong?

Many forms are complex and difficult for recipients to understand because they are written in language which is legalistic, lengthy and intimidating. This is not because the officials who create the forms are trying to confuse the recipient. Indeed, most officials have very good intentions. But forms become self-protecting because the officials try hard to avoid being criticised for failing to inform the citizen of his or her rights or responsibilities. Some officials also find difficulty in understanding the procedures of which the forms are part! Problems such as these are rarely identified before a form is introduced into use because few forms are tested with those who fill them in. Consequently error rates of 30 per cent or more are common.

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*An abstract of the report is at page 131 of this issue of MIG.

The cost of forms

There are two distinct and separate costs involved with a form: the cost of producing it; and the cost of using it. Hitherto emphasis on control has been directed at production costs since they are direct and visible. However, these costs have only been controlled within the much larger expenditure on stationery generally. No department has therefore been able to produce guidelines which balance the costs of using a form with the costs of producing it.

Whilst it is important to ensure that forms are procured in the most economical way, production costs are the smallest element in the overall cost of forms. The cost of forms in use is much larger. Costs in use include the cost of staff to issue forms and to check them and correct and query them when they are returned incomplete or containing errors; the cost to the public who have to use forms; and postage costs. For example, one typical form studied during the review cost only 3p to produce but £2 for the department to check and correct.

The Review has shown that, for good forms, the costs in use are often very large but necessary. But bad forms waste time and money unnecessarily. Many officials believe that these costs are an inevitable consequence of using a form and therefore they rarely consider them before they introduce, design or review a form. This may be partly because forms are an integral part of administrative systems and, as such, costs in use are difficult to separate out from the cost of processing. However it is essential that costs in use are gathered so that informed decisions about the introduction, design and continued use of forms can be made. For instance, where there is a high error rate in forms the cost of corrective action can be considerable. The extra effort put into getting forms right at the outset can, therefore, save time and money later.

Government strategy

The policy of the present Government is to improve the efficiency of the Civil Service (White Paper on Efficiency in the Civil Service*). This is about ensuring that the citizen receives a good service, that the public understand their rights and duties, and that administration gives the best possible value for money. The proper control and use of forms is a vital part of this policy. But improving forms will be a time consuming job and will require determination and commitment from top and line management in each department and from the Management and Personnel Office.

Other work, for example departmental scrutinies, Service-wide reviews and other efficiency studies will support and help Government policy on forms. Although forms will be given special attention they cannot be

*_Efficiency in the Civil Service_, HMSO 1981, Comnd. 8293

managed separately from the administration of which they are part. Policy and operational branches must therefore be responsible for good forms but must call for technical and professional help when it is needed.

What is being done?

Departments have set up continuous programmes to improve and control their forms. The object is to reduce the number and costs of forms wherever possible and to simplify and make more intelligible those which remain in use. The main elements in the programme are:

- branches responsible for existing forms reviewing systematically the need for the form and its cost effectiveness both to the Government and the public. Because of the very large numbers of forms involved, the reviews will begin with those forms which are used most, or with procedures which most use forms
- branches originating new forms, justifying the need for the form and its cost effectiveness
- each department providing a unit or designated official to advise policy and operational branches on the design, control and review of forms. The size of the unit will depend on the number of forms in use but over time will include staff with professional skills (eg in graphic design, typography, language)
- the improvement of training for the staff in form units but, more importantly, for line managers
- ensuring that forms are simpler, more intelligible and work as they are intended. This will mean avoiding jargon, using plain English, and testing forms as far as possible before they are introduced to check that the public can understand them and that staff can process them efficiently and
- the Principal Establishment Officer reporting annually to the Permanent Secretary on the state of forms in the department.

The role of the MPO

The MPO has an important role to play in assisting departments to keep up the momentum which the Review and the Government's strategy have generated. This will fall to David Overington, a Principal in the Management and Efficiency Group and his staff. His job is to keep in touch with departments to see what work they are doing; to see that problems which arise do not interfere with or slow down the work; to promote the exchange of good ideas and experience both within the Civil Service and between it and those outside who have experience in the work; to arrange a programme of training with the Civil Service College; and to see that good practice is made known widely.

In order to publicise the main messages from the review, an exhibition was mounted to coincide with the announcement of the Government's strategy. Its purpose is to raise the awareness of all civil servants, particularly those in policy and operational branches, to the importance of good forms to good administration. Initially, the exhibition was housed in the MPO before being moved to the Civil Service College where it will be on a more permanent display. However, copies were made and have been loaned to major departments.

At the end of the first year of the review programme, the MPO will report to the Prime Minister and to the Lord Privy Seal on progress and on plans for the future. However, results will not be achieved overnight. Much hard work and determination is needed. But the work carried out during the review demonstrated the achievements that can be made.

Next issue

An important part of getting better forms is ensuring that they are written and designed in a way which enables them to be understood easily. Testing both within the department and with the public is an important part of this. An article covering these issues will be published in the August edition of MIG.

Have You a Computer to Declare?

The Audit by HM Customs & Excise of Commercial Computer Systems

H Hardman

Harry Hardman is a Principal in the Computer Audit Branch of HM Customs & Excise. He has served in the department for 24 years during which he has had experience in most areas of Customs & Excise work and moved onto VAT work at its inception in 1973.

Introduction

This article traces the formation and development of a computer audit branch within HM Customs & Excise and examines the role it fulfils in making available to the service a particular blend of skills and knowledge to allow the application of modern techniques in the protection of its revenues. The interest and activities of the branch are directed towards the computer systems of commercial and other organisations (the generic term for which is 'traders') with which, because of their revenue activities, the Department has contact. It is quite separate from the Internal Audit Unit. Throughout this article the word 'audit' is used in its wider sense and is not restricted to verification of the completeness and accuracy of any balance sheet or profit and loss account.

The early years

Customs & Excise methods of revenue administration have traditionally combined a system of self assessment by those traders who have a liability to duty or tax with a control and verification function performed by officers of the Department. Thus all goods on importation are required to be 'entered' with Customs. These 'entries' which declare, *inter alia,* the quantity, description and value of the goods and the amount of any duty and tax payable are checked and some goods selected for physical examination. Purchase tax was self assessed and paid quarterly against a return – or declaration of liability – by registered traders who were visited periodically by Customs & Excise Officers to verify the returns from an examination of their records and accounts and inspection of the actual business activities.

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VAT was introduced in the United Kingdom on 1 April 1973 and its administration was laid to the Commissioners of Customs & Excise. This new tax having a much broader base than its predecessor, purchase tax, affected almost the whole of the trading community and brought with it a registration requirement to some $1\frac{1}{4}$ million traders ranging from small corner shops to multi-national and multi-locational trading empires. To cater for the tax, accounting systems had to be adapted, or new systems implemented, whether these were maintained in simple manuscript books or transmitted over complex computer networks. Within Customs & Excise, alongside development of its own computer system to handle VAT, there was generated the need for an extensive self training programme to enable the Department's officers to educate and subsequently control all traders operating the tax. The growing significance of computers had earlier been recognised and EDP courses were provided for visiting officers from 1966 onwards. However, if the tried and proven system of control and verification was not to founder in the face of developing technology, planning for the introduction of VAT had of necessity to include consideration of how computerised acccounting systems could be properly examined and audited and what new training would be required to ensure that such systems would not, because of their complexities or technical foundation, escape the attention necessary for the proper safeguarding of the revenue.

Development progress

A Principal-led team of five SEOs and five HEOs was formed in 1971 to assess the problems, devise suitable methods of control and prepare and introduce appropriate training for the 5000 visiting staff based in local offices throughout the country. To this team, the Computer Research Unit (subsequently to become the Computer Research Branch and later to grow into the Computer Audit Branch), were laid the further responsibilities of providing advice to traders implementing or adapting computer systems for VAT accounting and for continuing research into the developing problems of control and audit of computerised systems.

The provision of a consultation service to individual companies and trade associations was in itself a mammoth task and initially absorbed almost the total team resource. Some 300 meetings had been attended by July 1972 and advice given to several thousand DP, accountancy and managerial staff. Liaison with the National Computer Centre (NCC) and representation by the Computer Research Branch on the Centre's VAT working groups achieved the wide circulation of authoritative and standardised information through the medium of the NCC Computerguide on Value Added Tax published in 1972.

The devised organisational solution to the control problem was the provision of Computer Accounts Officers in local VAT offices to take responsibility for overseeing the control of all traders' computer accounting systems within their region and for dealing with the more complex systems themselves, drawing upon the resources of the Computer Research Branch as necessary in cases where a high level of expertise involving the use of advanced computer audit techniques was required.

After research by the Branch into the availability and suitability of audit packages in the early 1970s, STRATA and AUDITFIND were purchased and Branch staff trained and licensed to use these packages. Bonuses began to accrue immediately: even applications run primarily in training and evaluation mode highlighted irregularities in computer files which otherwise would in all probability have remained undetected. Few commercial companies had previously seen such audit packages in operation and considerable co-operation from their data processing areas resulted from their own interest.

A central record was set up to hold details of all traders using computers for VAT accounting. This formed initially a basis for research, contact and consultation requirements and was itself subsequently expanded and computerised to become a datafile which now provides management and control information.

Although, at the time of its formation, the Computer Research Branch was intended as a task force to cover short term VAT needs its value as a permanent feature of the organisation was quickly established and additional staff were appointed to deal with the growing influx of work which by 1973 was also arising under other revenue heads.

Concurrently with the introduction of VAT a feasibility study in 1973 recommended the introduction of a scheme whereby regular importers whose volumes of traffic so justified would use their own computer facilities to provide, through the medium of magnetic tape, an interface with the Customs & Excise computer system furnishing monthly accounting, control and overseas trade statistical information relating to their importations so enabling consignments to be cleared quickly with minimum documentation, security for any duties payable being taken by guarantee. Implementation of this scheme heavily involved the Computer Audit Branch with assistance to the Customs & Excise policy making Divisions in its adoption, the design and development of the Departmental interface and ensuring, by provision of a system specification and subsequent testing against the specification, that the integrity and capacity of each participating importer's system met the revenue requirements. Initially, traders were wary of participating in the scheme but after the first two pilot schemes had been successfully implemented the Branch had to impose a phased take on of applicants for this 'Period Entry'

scheme so that resources were not overstretched.

An important side effect of encouraging traders to submit information directly to the department on magnetic media was the need to develop standards for data interchange. In the early seventies such a standard had not been universally or even nationally accepted. Customs & Excise had to define acceptable data definitions and formats so that the single system at Southend could receive data from a variety of commercial installations. It is significant that one officer from the Period Entry Team was ultimately seconded to SITPRO (Simplification of International Trade Procedure Board) to develop a standard for international data interchange. TDI (Trade Data Interchange), the SITPRO standard, was firmly based on the original Customs & Excise standard and is now an internationally accepted standard.

Extension of responsibility

The growth in usage of computers for accounting is in line with the general movement towards computerisation, accelerated in recent years by the falling costs of computer power (whilst manpower and material costs have risen) and the introduction of the microprocessor. This relative cheapness has enabled computer systems to develop in sophistication and complexity to meet economically today's demands for speed, efficiency and accuracy.

The London Airport Cargo EDP scheme (LACES) – now replaced by DEPS, the Departmental Entry Processing System – had led the way towards a speedier system of entry and clearance of goods through customs and the availability of the 'Period Entry' scheme encouraged traders to look at their own computer systems to aid their customs clearance. By October 1980, 38 large importers were using the scheme and a comparative study identified net savings to this Department in excess of £1m per annum over conventional methods.

In November 1981 the number of participating importers stood at 50, accounting for importations worth £242m per month or 4·8 per cent of all imports. A similar scheme has been implemented for exports in which 15 exporters, representing £86m (1·8 per cent of total exports) per month, were participating by November 1981. Both schemes are still growing (80 traders in total at February 1982) and extensions to the facilities they offer are under active consideration. A unit within the Computer Audit Branch is responsible for processing, distribution and liaison work associated with the operational systems, including the maintenance and development of the Departmental system. Development is also under way concerning the provision of on-line bulk data transfer to supplement the present tape transfer system.

The Branch is active in other areas too. Considerable assistance has been provided to the Headquarters Division with responsibility for hydrocarbon oils both in pipeline control and in the production of guidelines for the trade on the implementation of centrally controlled computerised accounting systems. Support is also being given to local control staff for six companies using computers for the preparation of tobacco product duty accounts.

A recent review of the warehousing of wines and spirits ('wet' warehousing) has recommended movement away from traditional controls – requiring a permanent revenue presence with officially maintained records – towards increased dependence upon warehousekeepers' accounts. Many such accounts are already computerised and adoption of the review recommendations will impose further demands upon Branch resources in ensuring that revenue reliance may be placed upon the traders' systems. Through CAB the Department is continually examining ways in which computers can ease the load for traders and for the Department by using traders' systems.

The day to day control in all these areas is laid to local staff with support as necessary being provided by the Computer Audit Branch who are responsible, in the case of new systems, for initial system evaluation followed by post implementation audit and monitoring.

The training task

From the start it was obviously impracticable and uneconomic to train all VAT visiting staff in computer audit since the exposure of individual officers to systems requiring the application of such skills would be insufficient to permit maintenance of their expertise. A method of classifying traders according to the degree of complexity in their computerised VAT accounting system, the nature of the audit trail and the effectiveness of internal controls was therefore established to allow the efficient and economic use of trained staff for visiting. Classifications are determined by the Computer Accounts Officer using the guidelines illustrated in table A and periodic reviews by him of each system provide for reclassification should this be necessary as a result of any systems change.

The number of VAT traders using computers for accounting applications has increased over the past decade from some 13,000 identified in 1972 to a present day total approaching 50,000, this latter figure representing 4 per cent of the registered population. Still insignificant in terms of numbers one might say but when it is considered that over 60 per cent of all VAT paid to Customs & Excise is attributable to this small group the importance of proper revenue attention becomes evident. Furthermore, companies under 'Group Registration' may contain more than a single computer site.

Table A

Class	System Features
A3 CAO required as adviser only	(a) A complete visible audit trail and (b) batch reconstruction practicable and (c) input reconcilable with output and (d) controls and error detection and correction routines satisfactory and (e) no features requiring a higher classification
A2 CAO required for audit and control	(a) Visible audit trail has unusual or unsatisfactory features or (b) internal controls unsatisfactory or (c) part or all of audit trail retained on magnetic media or (d) systems incorporating intelligent terminals or (e) systems having data processed overseas and (f) no other features requiring a higher classification
A1 Joint control by CAO and CAB	(a) Integrated systems or (b) On-line systems or (c) systems requiring the use of advanced computer audit techniques or (d) audit requires total reliance on internal controls

All VAT visiting staff receive an introductory course in computer accounting systems. Further training to EDP appreciation-level including basic audit and control is given to those staff who have an ongoing responsibility for the examination of systems which provide an audit trail in hard copy form and have no unusual features. Computer Accounts Officers receive, in addition, training in computer systems audit equipping them with the in-depth knowledge necessary for the intelligent classification of computer systems, the provision of a back-up to lesser trained staff, the use to a limited extent of computer-assisted audit techniques and the identification and definition of areas requiring file interrogation or audit pack applications. Appropriate levels of training are also given to local line management.

Training has also been given to a number of officers from other government departments and from other countries, for example Denmark and the Republic of Ireland. Denmark have adopted our system of Computer Accounts Officers backed up by a central unit.

With the exception of a one week element within the computer systems audit course given at a polytechnic college, all training material is provided by the Computer Audit Branch. The courses are administered by the Training and Staff Development Division of Customs & Excise using Computer Audit Branch staff and selected Computer Accounts Officers as lecturers. The whole system works well. Though the original training courses had to be developed and run in-house due to the paucity of commercial computer audit courses in those days, experience now shows that by running the training in-house, costs are minimised and the programme can be flexible enough to cater for fluctuations in demand. The lower level courses are organised and run regionally and thus can be tailored to incorporate coverage of problem areas specific to particular regions and also provide a vehicle for introducing a liaison amongst officers in each locality. Course material is regularly reviewed and updated to meet changing needs and because of the common background and work environment of students and instructors the prime objective is met by producing not computer specialists but VAT control specialists.

As in the VAT area, computer training for local excise officers is provided, and given, by the Branch under the administration of the Training Division. Courses are directed at the particular needs of control officers in specific revenue areas and the course content is therefore varied to suit. Training in both VAT and other revenue fields is built to meet what have been found by experience to be the required levels of knowledge as illustrated in table B. The individual officer can therefore be equipped, in conjunction with the other training appropriate to his particular discipline, with the right blend of skills to maximise his efficiency. The greatest problem in computer training is establishing at which level to stop.

A computer manual written, monitored and updated by the Computer Audit Branch and incorporated as a volume in Departmental standing instructions includes in its sectionalised layout guidance on computer audit and control for staff at all levels of knowledge and provides coverage of the technology and methodology of computer systems together with a glossary of terms. This volume serves as an instructional aid, a reference manual and a procedural handbook.

Current and future trends

'The law does not adequately cater for modern technology'. So may be summarised the view of the recent British Computer Society Committee on Computer Evidence. For some time before the appeal judgement in the Pettigrew* case set aside a conviction that had been based on evidence from a computer, and so created the current tide of concern as to the

*Regina v Pettigrew, Court of Appeal, 21 Jan 1980. *The Times* 21 Feb 1980.

Table B

REQUIRED LEVELS OF KNOWLEDGE

Subject	VAT Local Office Staff		Excise Staff	CAB Staff
	Computer Accounts Officers	Other		
Computer Hardware				
(a) Central Processor	B	B	B	E
(b) Media and Peripherals	W	B	B	E
(c) Hardware Controls	B	B	B	W
(d) Mainframe Computers	W	B	B	E
(e) Small Computers	W	W	B	E
Data Processing Systems				
(a) Systems design	W	B	T	E
(b) Files and Processing	W	B	T	E
(c) Clerical Procedures	E	E	T	E
(d) Audit Trails	E	B	T	E
(e) Dispersed Systems	W	B	T	E
Computer Software				
(a) Programming Concepts	B	B	B	E
(b) Software packages	W	B	B	E
DP Organisation	W	B	B	E
System Documentation	W	B	B	E
Internal Controls				
(a) Data Capture and Conversion	W	W	W	E
(b) Input/Output	W	B	B	E
(c) Data transmission	W	B	B	E
(d) Files	W	B	B	E
(e) Processing	W	B	B	E
(f) Operations	W	B	B	E
(g) Programmed Controls	W	B	B	E
(h) Error Routines	W	B	B	E
Auditing Techniques				
(a) Systems Auditing	E	B	W	E
(b) Tests without using the Computer	E	W	W	E
(c) Tests involving use of the Computer	W	B	B	E

B = Basic Appreciation
W = Working Knowledge
E = Extensive Knowledge
T = Extensive Knowledge of specific trader's system

admissibility of computer output, the Computer Audit Branch and the Investigation Division within Customs & Excise had been researching the subject of computer generated evidence. A Departmental steering group, set up to examine the implications of existing legislation in its relationship to modern day computer systems and make recommendations as appropriate for amendment of the law, is currently considering the issue of an overall report.

A formal liaison between Computer Audit Branch and Investigation Division makes available to the Department that combination of computer and investigative expertise vital to the intelligent pursuit and prosecution of computer related fraud.

To a revenue department discharging its duties under statute the relevance and adequacy of legislative provisions is of paramount importance and revenue laws must be flexible enough to permit, whilst maintaining conditions as to compliance, the use of new techniques both in trading operations and in accounting. The Computer Audit Branch in liaison with the Article Number Association and member companies was instrumental in Customs & Excise securing new legislation* to allow the transmission between traders of VAT invoices on computer media, dispensing entirely with the need for invoices on paper. The number of traders taking advantage of these facilities is steadily growing and the present system of using magnetic tape for such transfers of accounting information is on the path toward direct data interchange within the provisions of the new legislation.

Moves towards computer networks and integrated database systems require the maintenance by auditors of an up to date knowledge and skill so that the audit and control capability is not outpaced by rapid advances in system technology. The Customs & Excise Computer Audit Branch can truly be said to be amongst the leaders in the application of computer audit techniques writing, testing and making available interrogation programs to local control staff, arranging for the provision of audit routines within the libraries of large systems and making regular use of audit packs to analyse volumes of data from the computer files that would present an impracticable or impossible task if tackled by manual methods. The provision of this expertise as support to local staff in their control function, besides facilitating the verification of revenue accounts in commercial systems, is responsible for the recovery of several million pounds in undeclared VAT each year.

The nature of the work offers a smile – or a tear of frustration – around each new corner and a few anecdotal references may trigger remembrance of other case histories amongst those who have similarly ventured into new pastures. All references are anonymous to protect the guilty!

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*Section 16 of Finance Act 1980

FILE INTERROGATIONS

(i) the expected 'Nil' report that produced a listing of some 1200 transactions,

(ii) the successful interrogation, after stage processing on 3 separate computers, of an 'unauditable' file which produced a handsome return to the exchequer of undeclared VAT – and the other which took 12 months to achieve and produced little more than a sigh of relief

SECURITY

the difficulty of entry but ease of departure that enabled one officer to boldly carry away a whole system specification representing some 20 man-years of work

CONTROL

the unprompted loop that generated 3,000 identical despatch notes in a run of 90,000 went unnoticed until the warehouse ran out of stock in trying to deliver the goods.

PROGRAMMING

(i) The 'helpful' accountant who, in an endeavour to improve his client's cash flow, erroneously programmed the computer to reclaim £2½ million in VAT to which the client was unentitled.

(ii) The field size error that conveniently 'lost' £100,000 from the VAT account – in the computer system of a security consultancy!

TRAINING TOO

The student who, at the end of a course, was asked how his newly acquired skills would be put to best use and responded 'I've no idea, have you any suggestions?'.

As to the future: the audit' problems of traders having data processed overseas, the particular control problems of microcomputer systems, data privacy legislation, direct data interchange and the general movement towards a paperless and cashless society all have significant implications for the revenue auditor and are being researched by members of the Branch.

The Computer Audit Branch

The far sighted decision to create a computer research team in 1971 has conferred benefits across the whole spectrum of the Department's interests. Successful solutions to the organisational and training problems in VAT and the publicity gained thereby created increasing demands upon the team resources and growth was essential. Whilst maintaining the original complement of one Principal and five SEOs the number of HEOs was increased to twelve in 1976 and then to twenty-one in 1978. As operations in the field took on a predominant role over the research function and the areas of work became separately identifiable each as a specialism in itself there grew the need for a review of the structure and organisation of the Branch to ensure the maintenance of a satisfactory response to calls for its services.

The name was changed from Computer Research Branch to Computer Audit Branch in 1980 and a further Principal was appointed at which time the work was reorganised to provide one Branch responsible entirely for VAT and training and one to deal with all other revenue heads and provide programming and technical support for audit package use. The need to provide practical assistance to local staff throughout the country was met by the establishment of regional offices and there are now units based in Southend (the Computer Division headquarters), London, Gloucester, Wilmslow and Edinburgh. Current complement is two Principals, twelve SEOs and thirty-six HEOs with additional support staff.

Recruitment to the Branch is by interview selection following a Departmental trawl and the qualifications sought are experience in the control of larger revenue traders, an active interest and experience in working with computers and above all the personal qualities of a high degree of enthusiasm and imagination with a capacity to communicate their skills to others.

New appointees are required to serve a trial period before confirmation of their appointment.

Individual training requirements depend upon the previous experience and qualifications of each recruit but the training programme includes courses in systems analysis, programming, computer auditing and the use of information retrieval programs and audit packages. Advanced training is given in specific subjects as experience and abilities improve, the aim being to provide within each team or location a self contained capability to undertake complex computer audit or system design and testing operations. Many staff proceed to membership of a professional body such as the British Computer Society, the Institute of Data Processing Management or to a qualification in accountancy.

All is not, unfortunately, a bed of roses. The work is extremely demanding and involves extensive travelling with frequent periods of

overnight absence from home. Attracting and recruiting the right calibre of staff is proving increasingly difficult, one third of those recently taken on having failed to complete the trial period. The high abilities of experienced members of the Branch make them a prime target for lucrative offers from other organisations and there have been losses to the Department's Internal Audit Unit, the Central Computer & Telecommunications Agency, the Government Exchequer and Audit Department and to outside industry. If the Branch is to continue to fulfil its role adequately and sustain the high level of performance there must be urgent resolution of these problems.

The challenges faced by management are therefore those of maintaining an adequate complement to meet the upward curve in demand and retaining within that complement a sufficiently strong core of experience to permit the absorption and training of new staff without dilution of the present high standards.

Mr Samuel Pepys Appears Before a Select Committee, March 1668

[A number of disasters had occurred in the naval war against the Dutch. A Parliamentary Committee was appointed to inquire into the work of the Navy Board, and Pepys was chosen to speak for the officials of the Board. The hearing was at the Bar of the House of Commons.]

March 4th–Vexed and sickish to bed, and there slept about three hours, but then waked, and never in so much trouble in all my life of mind, thinking of the task I have upon me . . . .

March 5th–With these thoughts I lay troubling myself till six o'clock, restless, and at last getting my wife to talk to me to comfort me, which she at last did, and made me resolve to quit my hands of this Office, and endure the trouble no longer than till I clear myself of it . . . .

I up, and at my Office, whither came my clerks, and so I did huddle the best I could some more notes for my discourse . . . .

But I full of thoughts and trouble touching the issue of this day; and, to comfort myself, did go to the Dog and drink half a pint of mulled sack, and in Westminster Hall did drink a dram of brandy at Mrs Hewlett's; and with the warmth of this did find myself in better order as to courage, truly . . . .

I perceive the whole House was full of expectation of our defence what it would be, and with great prejudice . . . I began our defence most acceptably and smoothly, and continued at it without any hesitation or loss, but with full scope, and all my reason free about me . . . and so ended . . . and my fellow-officers were overjoyed in [my speech] . . . .

We were in hopes to have had a vote this day in our favour . . . but my speech being so long, many had gone out to dinner and came in again half-drunk . . . so that they put it off to tomorrow come se'night . . . .

Everybody says I have got the most honour that any could have had opportunity of getting; and so our hearts mightily overjoyed at this success . . . .

I betimes to bed, having had no quiet rest a good while.

[*A Shorter Pepys* ed Tickner, 1945]

Machinery of Government Changes in 1981

P C Stokes and T R M Simon

Peter Stokes is an Executive Officer and Toby Simon a Principal in the Machinery of Government Division of the Management and Personnel Office.

The allocation of ministerial responsibilities

The Transfer of Functions (Transport) Order 1981 transferred those functions previously exercised by the **Minister of Transport** to the Secretary of State at large; they are discharged by the Secretary of State for Transport. The Order came into operation on 26 February 1981 and effectively reversed the provisions of the Minister of Transport Order 1979.

The Secretary of State for Trade announced in the House of Commons on 27 February 1981 that lead responsibility for co-ordinating the Government's response to the problems of **glue sniffing** in England and Wales would be taken by the Secretary of State for Social Services and the Secretary of State for Wales respectively. The Secretaries of State for Scotland and for Northern Ireland already had and continued to have such responsibility within their territories.

Following the January 1981 reshuffle of the Cabinet responsibility for the **Arts** was transferred from the then Chancellor of the Duchy of Lancaster to the Secretary of State under the Transfer of Functions (Arts, Libraries and National Heritage) Order 1981 (SI 1981/207) which came into operation on 1 April 1981. The 1981 Order reversed the provisions of The Transfer of Functions (Arts and Libraries) Order 1979. The statutory responsibility is now discharged by the Secretary of State for Education and Science, and a Minister of State in DES undertakes these responsibilities on his behalf; he has the courtesy title of Minister for the Arts and has his own Question Time in the House of Commons, independent responsibility for his own Budget and has direct lines of consultation with the Prime Minister. Though the Office of Arts and Libraries has ceased to exist as a separate department, the Minister is supported by a branch in the DES which continues to use the title.

The work of the **Exchequer Office,** Scotland was absorbed into other departments on 1 April 1981. Prior to this the Exchequer Office was a sub-department of the Treasury headed by the Queen's and Lord Treasurer's

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Remembrancer (QLTR). The Crown Agent was appointed QLTR with effect from 1 April 1981. The Transfer of Functions (Treasury and Lord Advocate) Order 1981 (SI 1981/239) transferred to the Lord Advocate certain accounting functions of the Exchequer Office. These were: the expenditure of the Lord Advocate's department, Crown Office and Procurator Fiscal Service; Crown prosecutions; legal services in Scotland; and the collection of fines by the District Courts. The responsibilities following from the QLTR's appointment as Registrar of Companies in Scotland were transferred administratively to the Department of Trade. The residual work of the Exchequer Office in connection with the Crown's right to bona vacantia and treasure trove passed to the Crown Office; and the ex officio duties of the QLTR were taken over by various other departments.

The Minister of Agriculture, Fisheries and Food announced in the House of Commons on 23 July 1981 that responsibility in England for the **European Community scheme for subsidising milk and milk products** to children in schools would pass to his department from the Department of Education and Science. The scheme is now administered in Great Britain by the Intervention Board for Agricultural Produce. It is only in England that a transfer of responsibility was involved as elsewhere the territorial Secretaries of State were already responsible for agriculture as well as for education.

On 12 November 1981 the Prime Minister announced in the House of Commons that the **Central Departments** would be reorganised. Certain functions of the Minister for the Civil Service, previously exercised by the Civil Service Department (CSD), were transferred to the Treasury. The Treasury became responsible for Civil Service manpower, pay, superannuation, and allowances; for the Central Computer and Telecommunications Agency; for the Civil Service Catering Organisation for HM Stationery Office; and for the Central Office of Information. The Minister of State, CSD was appointed Minister of State (Commons) at the Treasury to deal with these subjects.

The CSD's work on efficiency and personnel management, recruitment and training remained with the Prime Minister as Minister for the Civil Service and is now discharged by the Management and Personnel Office (MPO). The Prime Minister is assisted by the Minister in day-to-day charge of the MPO. At the time of the reorganisation this was the Chancellor of the Duchy of Lancaster, who answered in the Lords for the whole range of Civil Service matters; the Minister of State (Commons) answered for these matters in the Commons.

These arrangements were effected administratively on 16 November 1981 and were formalised on 7 December when the Transfer of Functions (Minister for the Civil Service and Treasury) order 1981 (SI 1981/1670) came into operation.

Size and composition of the Government

The Prime Minister announced on 29 May 1981 a revision of the Ministerial structure of the **Ministry of Defence.** The posts of Parliamentary Under Secretaries of State for Defence for the Royal Navy, the Army and the Royal Air Force were abolished. The new structure comprises, under the Secretary of State for Defence, two Ministers of State – the Minister of State for the Armed Forces and the Minister of State for Defence Procurement – supported by two Parliamentary Under Secretaries of State with corresponding titles and responsibilities. The Secretary of State for Defence remains chairman of the three Service Boards, whose responsibilities are unchanged, but he will normally delegate this role to the Minister of State for the Armed Forces.

Following the Cabinet changes announced in January 1981 (detailed in last years article) the size of the Cabinet (22) and the total number of Ministers, including Whips (106) remained unaltered until the further changes announced in September 1981. The total number of Ministers, including Whips, was then raised to 107 to accommodate the office of Paymaster General which split from that of Chancellor of the Duchy of Lancaster. So that the size of the Cabinet remained within the legal paid maximum the Paymaster General, though a Cabinet member, served without pay. In the Department of Education and Science there is now one Minister of State instead of two and three Parliamentary-Under Secretaries of State instead of two.

The Leader of the House of Commons is now the Lord President of the Council. The Chancellor of the Duchy of Lancaster became Minister in charge, on a day-to-day basis, of the Management and Personnel Office and Leader of the House of Lords.

Abolition

The **Civil Service Pay Research Unit** was wound up on 30 September 1981 following the Government's suspension of pay research. The CSPRU was a Crown body answerable directly to the Prime Minister and staffed by civil servants on loan from their parent departments.

Privatisation

Ministers continued during 1981 to introduce private capital into industries previously operating within the public sector. **British Aerospace plc** was formed on 1 January 1981 and a 52 per cent shareholding was sold on 13 February leaving a 48 per cent Government stake. The **National Freight Corporation** became a Companies Act company on 1 October 1980 with its entire share capital initially held by the Secretary of State for Transport; on 19 February 1982 this was sold to a consortium of managers and employees (National Freight Consortium plc). The Secretary of State for Industry disposed of enough shares in the

Cable and Wireless Company Ltd in November 1981 under powers in the British Telecommunications Act 1981 to leave a Government shareholding of 50 per cent plus one. **British Rail Hovercraft** merged with Hoverlloyd in October 1981 to form a new private sector company, Hoverspeed. British Rail also sold three of their Scottish hotels to Gleneagles Hotels Ltd, a private sector company in which BR have retained a minority shareholding. Part II of the Transport Act allows the Secretary of State for Transport to reconstitute the **British Transport Docks Board** as a wholly owned subsidiary of a holding company which will be set up under the Companies Acts and in which the Secretary of State proposes to sell a 49 per cent shareholding. In 1981 the Department of Transport's **Road Construction Sub-Units** were phased out and most of their work on the design and supervision of the construction of new motor ways and trunk roads was allocated to consulting engineers.

Non-Departmental Public Bodies

In March 1981 the Civil Service Department issued *'Non-Departmental Public Bodies: Facts and Figures 1980'*. This publication lists by department those non-departmental public bodies which they sponsored as at 1 April 1980. The lists distinguish between the three main types of body; executive, advisory and tribunal system, and details for each their cost and complement. The booklet is published by HMSO, ISBN 0 11 630440 5 and is priced £4·70. The 1981 edition of this publication was issued by the Management and Personnel Office on 3 March 1982 ISBN 0 11 630455 3, price £3·50.

The Civil Service Department issued *'Non-Departmental Public Bodies: A Guide for Departments'* in October 1981. It is a practical handbook for use by departments which sponsor non-departmental bodies and by those bodies themselves. It stands as a policy statement and sets out the procedure on a complex subject to which the Government attaches considerable importance. It provides guidance on the relations between departments and the bodies they sponsor and on the setting up of new bodies. The Guide is published by HMSO, ISBN 0 11 630444 8 and is priced £3·90.

During 1981 four executive bodies were wound up: **Inter-University Council** (Foreign and Commonwealth Office), **Technical Education and Training Organisation for Overseas Countries** (Foreign and Commonwealth Office), **Northern Ireland Agricultural Trust** (Northern Ireland Office) and **National Ports Council** (Department of Transport). Savings were also made when the Department of Health and Social Security withdrew support for the **Training Council for Orthotists** and the Scottish Office reduced the number of **Colleges of Education.** The total saving is expected to reach £2·7m in a full year.

During the year 162 advisory bodies were either wound up or had their support withdrawn. Savings are expected to be about £1·8m in a full year.

Several new bodies were set up during 1981; these include the **Leasehold Valuation Tribunals** (Department of the Environment and Welsh Office), **Scottish Seed Potato Development Council** (Scottish Office), **Maternity Services Advisory Committee** (Department of Health and Social Security) and the **London Docklands and Merseyside Urban Development Corporations** (Department of the Environment).

The **British Technology Group** (Department of Industry) was formed by an administrative merger of the National Enterprise Board and National Research Development Corporation. The White Fish Authority and the Herring Industry Board, together with their Advisory Councils, were amalgamated to form the **Sea Fish Industry Authority** (Ministry of Agriculture Fisheries and Food and Scottish Office). The Scottish Horticultural Research Institute and the Scottish Society for Research in Plant Breeding merged to form the **Scottish Crop Research Institute** (Scottish Office). The Department of Employment amalgamated seven Wages Councils to form the **Clothing Manufacturing Wages Council (Great Britain).**

Management Consultants in Government

We have from time to time published lists of management consultancy assignments commissioned by government departments. The last such list, covering the calendar year 1980, appeared in the May 1981 edition of *Management Services in Government.*

Management in Government is designed to appeal to all civil servants and, as was explained in the Editorial Note to the November 1981 edition of *Management Services in Government,* we do not intend to publish articles which appeal only to a small number of specialists. In consequence it has been decided not to publish in *Management in Government* any lists of management consultancy assignments.

We do not know to what extent our readers have made use of the lists previously published. A list of management consultancy assignments commissioned by government departments during 1981 has therefore been compiled and may be obtained free of charge on request to:

Management and Personnel Office
(Management and Efficiency 3 Division)
Whitehall
LONDON SW1 2AZ.
(telephone no. 01 – 273 4107)

The preparation of lists of such assignments commissioned during 1982 and subsequent years will be considered in the light of the needs of people who request the 1981 list.

Abstracts of Technical Articles and Reports

Forms under Control – Review of Administrative Forms: Management and Personnel Office Report on Control. £12

Forms are an integral part of administration and are very often the most cost-effective way of giving and receiving information. Good forms help administration to be carried out efficiently and fairly. Bad forms cause problems for those who fill them in and for those who process them, and create avoidable costs.

The report sets out practical control arrangements for use by Government departments, which are based on the findings of the MPO study team. The report emphasises the need to control the cost of forms, particularly the costs in use (ie. the costs of issuing, checking and correcting forms, the costs to the public of using forms, and the cost of postage); discusses the action needed in relation to control and the lines of responsibility in departments; and the role of the central departments, MPO, HMSO and COI.

A large part of the report is devoted to ways of making forms more effective. This includes advice on language and design, standards of effectiveness for costs, performance and comprehension, and the use of staff with professional skills in typography, graphics design and writing. The training needs of staff are identified and a programme of areas for research proposed.

Copies are available from the Central Management Library, Management and Personnel Office, Whitehall London, SW1A 2AZ.

LIDAS: online serials control

Designed and implemented in the Central Management Library, MPO, *Lidas* is a fully integrated online serials control system written in *Questor,* a relational data base system available on Comshare Bureau. Serials (i.e. everything that is on standing order) are ordered online, their receipt is recorded and distribution and circulation lists are printed automatically on self-adhesive labels. Late and short deliveries are spotted and chased. *Lidas* is designed to be flexible and easy to use, requiring no dp expertise. It has been fully operational since June 1981 and can be adapted and designed to meet individual user's particular requirements.

In addition, a wide range of management information is produced, allowing the Library to know and challenge who is receiving what from whom at what cost. The single data base is the source of all serials information, making it easier to keep that information up to date.

Whilst mainly of interest to Libraries, *Lidas* is being expanded to include MPO's Inter-Departmental Circulars and could be of interest to anyone responsible for large-scale distributions of printed material. A user's manual describing *Lidas* as used in this Library is available from Comshare. Those interested are welcome to contact Stephen Hume, Central Management Library, MPO, Whitehall, London SW1 (01-273 5788) or David Allcock, Comshare Ltd, Queensbridge House, Upper Thames Street, London EC4 (01 248 0681).

OPCS/CCTA Report on Advanced Methods of Data Capture and Handling of Social Surveys – CCTA Technical Note No 0958 – by D R Cable and S R Turner, Office of Population Censuses and Surveys, 12 pages, gratis

This Technical Note is an abridged version of the final Report on an OPCS/CCTA Spearhead Project. The Project grew from work done to examine the feasibility of OPCS Social Survey Division conducting a continuous one per cent household survey as proposed by the Central Policy Review Staff (the 'Think Tank'). As existing clerical procedures and card punching methods were not considered suitable some alternative had to be considered. CCTA were invited to contribute to the study as they were the purchasing authority for computers. Thus the OPCS/CCTA Spearhead was launched, with the aim of considering alternative methods of data capture and handling for Government Social Surveys.

Copies available from HM Treasury, Central Computer & Telecommunications Agency, Publications & Information Branch, Riverwalk House, Millbank, London, SW1 4RT (Telephone no: 01 – 273 7754)

An Introduction to Transaction Processing – CCTA Technical Note No 2450 – by W T Craig, J A Donovan and G B Simmonds, HM Treasury (CCTA) 12 pages, gratis

In a traditional batch system data is collected and input to the computer on a medium such as punched cards or magnetic tape. The data is then dealt with by a suite of programs which carry out tasks such as sorting, vetting,

editing and printing, the latter often only after a lengthy process. However, there are many occasions when it is important that a problem or transaction is dealt with immediately. To cater for this type of application systems have been introduced which allows direct communication between the user and the computer through an interactive device such as a teletype or a visual display unit. In information/data processing the term 'Transaction Processing' is used to describe the technique whereby the computer responds promptly to each message and thus enables the user to complete each task before proceeding to the next.

The advantages of the Transaction Processing (TP) approach are fairly obvious. There are, however, problems involved in designing and running a TP System and these are discussed throughout the paper.

Copies available from HM Treasury, Central Computer & Telecommunications Agency, Publications & Information Branch, Riverwalk House, Millbank, London, SW1P 4RT (telephone no: 01 – 211 7754)

New Publications on the Civil Service

This is a list of the documents recently issued by the Management and Personnel Office, the Cabinet Office and the Treasury on management in the Civil Service. These items may be examined in the *Central Management Library, Management and Personnel Office, Old Admiralty Building, Whitehall, London SW1A 2AZ*. Copies may be ordered from the same address, unless otherwise stated. HMSO publications should be ordered from HMSO, PO Box 569, London SE1 9NH, from Government Bookshops, or through any bookseller.

The Management and Personnel Office: Early Tasks 1982–83
1982; 7 pages; £0.75 (microfiche only)

The Management and Personnel Office: Management Documents 1982–83
1982; 37 pages; £0.75 (microfiche only)

Non-Departmental Public Bodies: Facts and Figures
HMSO; 1982; 40 pages; £3.50
ISBN 0 11 630455 3

Public Boards 1982: List of Members of Public Boards of a Commercial Character as at 1st February 1982
HMSO; 1982; 27 pages; £4.00
ISBN 0 10 185260 6
Cmnd. 8526

Report on Cable Systems
by the Cabinet Office, Information Technology Advisory Panel
HMSO; 1982; 54 pages; £3.60
ISBN 0 11 630821 4

Central Computer and Telecommunications Agency

CCTA News
Monthly; no 12; gratis
ISSN 0260–857X

Civil Service College

Regional Services of Government: general introduction
by P D Lindley
1982; 32 pages; gratis

A Selection of Courses and Seminars: Summer Term April–July 1982
1982; 1 folded sheet; gratis

Understanding Published Accounts
by P Mower
HMSO; 1982; 100 pages; £4.95
ISBN 0 11 630446 4
CSC Handbook no 23

Civil Service Commission

Accept Society's Challenge: Administrative Careers for Graduates in the Civil Service
1981; 20 pages; gratis
ISBN 0 903741 64 4

How Not to Join the Civil Service
1982; 1 folded card; gratis

Printed in England for Her Majesty's Stationery Office by Adams Bros. & Shardlow Ltd., Leicester
Dd 718251 C33 5/82

Management in Government

Contributions and correspondence are welcomed; they should be addressed to the editor at the Management and Personnel Office, Old Admiralty Building, Whitehall, London SW1A 2AZ. Manuscripts should preferably be clearly typed on single sides of A4 paper with double spacing and wide margins. Photographs should be in black and white with a matt finish and free from creases and marks. Civil Service contributors should first obtain the approval of their departments for publication.

Abstracts of technical articles and reports by civil servants should include:

1 Title or subject
2 Author
3 Synopsis (not more than 140 words)
4 Address from which copies of article or report can be obtained.

Enquiries about subscriptions, sales and copyright should be addressed to Her Majesty's Stationery Office, PO Box 569, London SE1 9NH or any of the bookshops listed overleaf.

BACKFILE VOLUMES: Complete volumes of Management Services in Government are available on microfilm from Xerox University Microfilms, 300 North Zaeb Road, Ann Arbor, Michigan 48106, USA.

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